

School-leavers push total of jobless adults up to 1,297,700 in a month

Number of adults unemployed has risen this month to 1,297,700, which represents 5.6 per cent of the workforce. The crude June increase, seasonal adjustment, of 104,685 was entirely matched by the number of early

school-leavers, included in the total. When the rest of this year's school output joins the queue for jobs next month, the unemployment ranks are likely to increase by about 70,000. And for them the outlook is fairly bleak.

Government's worst fears being realized

As the Government tries to negotiate a new round of pay restraint with unions that are already deeply suspicious of the extent to which unemployment has been allowed to rise, the June figures were recorded during the week just after the jubilee celebrations, when employment exchanges had been closed for a few days but after the first crop of summer school-leavers had registered. Schoolchildren are now allowed to leave at the end of May and are not staying in school until the end of the year. A change in policy that was introduced last year because of the increasing problem of unemployment within schools for pupils who had nothing to do in class and preferred to start looking for work. Next month they will be joined by the rest of this year's school output, which is expected to push the total unemployment figure for leavers up from 142,806 to about 215,000. For them the outlook is fairly bleak. From the time they go on the register, only about 80

per cent will find jobs within a year. The output of school-leavers seems to be the likeliest explanation for the way in which the total number of adult unemployed has increased. In a normal month about 360,000 join the unemployment register and about the same number of people find jobs. What seems to happen during the months when many school-leavers join the list is that some of them go directly into employment which would otherwise have been filled by adults previously on the unemployment register. Because of that, the number of adults going on the register may remain the same, but the number coming off falls, with a consequent worsening in the overall picture. During June that would seem to be roughly what happened. The crude figure hardly increased at all, but because summer is usually a good time for jobs, it ought to have fallen by about 32,000. It did not.

There was some improvement in the crude total of vacancies available, but not enough to prevent a fall in the seasonally adjusted figure by 3,800 to 155,800. One month's figures do not prove that unemployment is about to resume the sharp rise that was experienced in 1975, but the Government still hopes that any increase will be relatively gentle. None the less, the latest deterioration is bound to start worries that the Government's hopes of predicting for some time is about to start, which will make the task of convincing unions of the benefits of moderation harder. It will also provide further ammunition for those who accept the case for reflationary action by the Chancellor, either next month or later in the year. With output growing at little more than a snail's pace, retail sales stagnant and exports not increasing very quickly, it is hard to see where the jobs will come from to prevent greater unemployment for as far ahead as it is possible to predict.

Leading article, page 17

Hundreds flee purge in Uganda

From Our Correspondent
Nairobi, June 21

Hundreds of Ugandans have crossed into Kenya seeking refuge from what they describe as a purge by the Army after an attempt to assassinate President Amin. This report, issued tonight by the official Kenya News Agency, is the first apparent confirmation of earlier reports that President Amin survived when shots were fired at his car near Entebbe. But President Amin's own whereabouts remain a mystery. Some of the refugees entering Kenya said he was receiving medical treatment in Uganda, others said he had been flown to Libya for treatment.

Telephone inquiries to State House, Entebbe, brought the surprising reply that "he is missing, we are looking for him". The unnamed official would not elaborate. In his lunchtime news bulletin Uganda radio said President Amin had been represented at Refugee Day ceremonies yesterday in western Uganda by his Minister for Culture and Community Development, Mrs Mary Asile, who is the wife of the presidential spokesman.

[Later, an evening bulletin on the radio's English-language service, monitored in London, said President Amin had received on Saturday delegates returning from an Organization of African Unity meeting in Angola. No other reference to the Ugandan leader was made by the radio during the day.] The Kenya News Agency report said diplomats in Uganda had confirmed a purge was going on. There were mass movements of people in Kampala and Jinja, 50 miles to the east, and roadblocks on many roads.

Some of the refugees said a number of deaths had been caused by the troops who were taking reprisals against people in the area on the Entebbe-Kampala road where President Amin's car was attacked.

According to the agency, a group of senior Ugandan Army officers has crossed into Kenya. They surrendered their arms and asked for political asylum. The size of the group was not indicated but it is thought to number less than a dozen. Michael Horsey writes from Luxembourg: "EEC Foreign Ministers today deplored the 'consistent denial of basic human rights to the people of Uganda' and agreed to ensure that any assistance given by the Community to Uganda did not prolong the denial of such rights."

The issue of human rights violations by the Amin regime was included on the agenda at the request of Dr David Owen, the Foreign Secretary. Afterwards he said: "We have no dispute with the people of Uganda. There would be no question of stopping food aid, medical assistance or technical help."

The statement by the Council of Ministers was important because, because it was the first time the EEC had publicly served notice that it could not ignore human rights questions in the way we dispense aid and help to the developing world. The Ugandan President, he replied: "My information is that he is alive and unharmed."



Mrs Audrey Wise, MP for Coventry, South-west, in a police van after her arrest.

MP arrested during another day of violent Grunwick picketing

By Robert Parker

Further conciliation attempts between the Government, management and union over the strike at the Grunwick film-processing laboratories in north London were made last night after another morning of violence which included the arrest of an MP and more criticism of the police.

Mrs Audrey Wise, Labour MP for Coventry, South-west, one of the two MPs who recently in committee voted against the Government over tax allowances, was charged with obstruction after presenting to a policeman subject only to the Speaker's rulings, is one on which all MPs are entitled to express their views in the House.

"I can only draw the conclusion that you have no intention of accepting my invitation but I would urge you once again to reconsider." After her release Mrs. Wise said: "There was an over-reaction on the part of the authorities. I saw a girl being dragged by the hair and I did not think that should happen."

The other MPs were Miss Joan Maynard, Mr Ian Mikardo, Mr Ronald Thomas, Mr Martin Flannery, Mr Dennis Canavan and Miss Josephine Richardson. They said they were appalled at the police handling of the pickets and asked the Home Secretary to hold an immediate inquiry.

Other criticism of the police came from lawyers on the scene, including Mr John Plater-Mills, QC. He said the police were preventing the pickets from duties within their legal rights.

Mr George Ward, managing director of Grunwick's, to take part in talks. Mr Ward has already refused because the talks were to have been held at the ministry. He is demanding that Mr Booth come to the factory.

"I want to talk about facts, not these totally unfounded allegations," he said yesterday. Mr Booth, having received a hand-delivered letter from Mr Ward yesterday refusing talks, sent back another in which he said: "You will appreciate that this is a matter of major public concern which, subject only to the Speaker's rulings, is one on which all MPs are entitled to express their views in the House."

Mr Ward said he was particularly angry about a statement by Mr Eric Heffer, Labour MP for Liverpool, Walton, in the House, referring to "those workers who have been working for poor wages in rotten conditions, under a rotten boss who by any standards is still living in the last century."

The violence started again yesterday morning with the arrival of the first bus carrying workers. The bus slowed while a gap was cleared by police and then accelerated.

Some people were forced out of the way, and Mr Robert Doyle, in his sixties, was struck by the side of the bus and fell to the ground. He was taken to hospital.

police had arrested the picket for no reason. As far as I can see arrests are being decided in advance."

At a press conference in the House of Commons later, Mr Mikardo, speaking for all eight MPs, again criticised the police and especially what he termed "heavily disguised" policemen in casual clothes.

Two senior Conservative MPs, Mr Barnev Hayhoe, Opposition spokesman on employment, and Mr Adam Butler, parliamentary private secretary to Mrs Thatcher, also observed yesterday's scenes.

Mr Hayhoe said the pickets were seeking to intimidate the workers. The police were doing a tough job under difficult conditions. From his talks with employees, he said they were "reasonably satisfied" with conditions and pay.

Meanwhile, the Confederation of Shipbuilding and Engineering Unions, representing three million workers, yesterday gave their full support to the Grunwick strikers. Their annual meeting in Scarborough unanimously voted for a motion deploring "the actions of the police in harassing and arresting pickets and the role played by the National Association for Freedom in its support of the company's action."

Among those arrested yesterday was Miss Pat Arrowsmith, the peace campaigner. She was charged with obstructing the police.

Yesterday's report in *The Times* about the dispute stated incorrectly that Mr Denis MacShane, vice-president of the National Union of Journalists, had said his executive would support the picket as long as it went on. In fact, he said support would be given to the strike, not the picket.

Man in the News and Silkkin demand, page 2

backs pay int

ledge
Nestle

Ministers last night, accepting the desirability of a year of voluntary pay claims; but also offered evidence of their old back pressure. A general council to discuss the two-earner families, the Exchequer, the indications of the Whitehall call a "standing" on pay from the protracted 6-4 firm limit on es, such as the 66 cent ceilings in the last two years only.

General secretary, TUC, said: "We shed a common scussion and that is that it does not seem to talk of a as we talked of ad two-something elated and right we get more f at the same time hing taking off on

insisted that the should take action y to anything on e." Reintroduction dies and curbs on ces" in the public istry bulked list. s' argument: "If the will give some con- vices are going to ver figures than r has been talking will be added agnition to settle le basis."

f of two years of ze restrains with- mits, the union should be allowed eir self-control. ellor agreed that "quite wrong" to agments to follow comes policy rules of the past two indicated that he disclose figures vernment thought wage increases. ellor is believed e clear to senior that he still wants arnings ceiling as urther pay agree-

held out the pos- he might reflate in the autumn if were right. firm action he be- take in the near help to reduce loyment.

o on to reak in with US

Correspondent American govern- were still talking e last night trying disagreement be- vo countries over across the North had threatened to ed flights if agree- reached, but this eded as the talks erday. Mr Collag- was "almost un- at the air services two countries oken. He said he m the negotiators it was close- ceed. He said at ashington time).

Mr Callaghan brings left wing into line

By George Clark
Political Correspondent

With a calm and tolerant speech, Mr Callaghan yesterday appeared to have convinced the left-wingers of his party that it was to their advantage and to the benefit of the Labour Party to line up behind the Lab-Lib agreement.

Addressing a crowded meeting of the Parliamentary Labour Party on a minority Labour Government's prospects, the Prime Minister emphasised that the motive of all Labour MPs must be to keep the Government in power until he considered Labour could win a general election.

It was essential to Labour prospects, Mr Callaghan explained, that Mr Steel and the Liberal MPs should renew the pact with Labour. "No single action by Labour backbenchers could bring down the Government, but a dozen defeats did not leave the Government's standing unaffected. I am talking about our own people defeating us in committee," the Prime Minister said. "A continuation of this could deprive me of the initiative of choosing what I think to be the appropriate date for the general election."

"I am asking this party not to place me in a position where the right to select an election

date is taken out of my hands. If we are to win a next election, and this is a real possibility, this kind of conduct has to stop, not only on the Budget, on the Finance Bill, but on other measures as well."

Any Labour MP with doubts about his or her attitude towards future legislation should consult the Government Chief Whip or the Liaison Committee. "I cannot accept that one, two or more people can create these difficulties," Mr Callaghan said. "We must face the reality that our present difficulties are not caused by the Conservatives, but by ourselves."

When someone reminded him of the defections of two right-wingers, Mr John Mackintosh and Mr Brian Walden, on the Defence and Regent Bill last year, Mr Callaghan said he included them.

On direct elections to the European Parliament, Mr Callaghan said: "This has not been comfortable for me. I have been criticised, as you know, because the Conservatives have gone, but I regarded it as necessary in order to make the position tolerable."

"On the question of devolution, if anyone feels that they cannot support the Bills which will shortly be produced, then they should go and tell the

Continued on page 2, col 1

Two crucial meetings for Labour

By Our Political Editor

The life of the Labour Government will be largely determined at two meetings next weekend. First Mr Callaghan has summoned the Cabinet to a formal meeting at Chequers on Sunday morning to take a long view that will include the Queen's Speech in late October and the durability of its agreement with Mr David Steel and his 12 Liberals.

Secondly, the Liberal MPs and peers who have signed portfolios are to meet on Sunday and Monday to review the working of the agreement.

If Mr Steel reports that he is satisfied that the Government means to honour the letter and the spirit of the pact, an autumn general election is unlikely. If he reports that the Prime Minister has lost control of his left wing, the pact could end, precipitating an early appeal to the country.

At a meeting of the Parliamentary Labour Party yesterday afternoon, Mr Callaghan said he had been convinced left-wingers that the Government and the PLP must play for electoral time. He now has to convince the left-wing members of the Cabinet that if the Lib-Lab pact is to endure they must be prepared to compromise on the content of the Queen's Speech.

Continued on page 2, col 1

Daubings in sex case protest

The Queen Victoria monument in the Mall, London, was daubed with the symbol for the male chromosome four times early yesterday and a Royal Artillery memorial in Horse Guards was also smeared with paint.

The attacks were apparently the work of women protesting at the freeing of Mr. Tom Holdsworth, 19, of the Hammersmith, on a six-month suspended sentence for sexual assault after he appeared before the Court of Appeal. On the Royal Artillery memorial, the protesters wrote: "Women against rape units."

Daubing also appeared out-

side the Law Courts. Painted on a pavement near the Cary Street entrance was: "What justice for women? Queen's guard freed. Dismiss the judges." It was visible to judges and lawyers as they arrived at the courts where Mr. Holdsworth, of Mount Avenue, Huddersfield, West Yorkshire, was freed.

Mr Holdsworth, who was originally given a three-year jail sentence, seems certain to be discharged from the Army under Queen's Regulations. The Ministry of Defence said: "It is not expected that any exception will be made in the case of Guardsman Holdsworth."

A Commons motion calling

for the dismissal of the judges responsible for freeing the soldier has been tabled by three Labour MPs.

The Court of Appeal was not accurately informed on the Army's intentions for the future of Mr Holdsworth, the Registrar of Criminal Appeals says in a letter to *The Times* today. Master D. R. Thompson, the registrar, also challenges reports of the court hearing which suggested that the Court of Appeal viewed the victim in the case as to some extent bringing her injuries on herself, this being a kind of contributory negligence. The full judgment appears on page 13.

Letters, page 17

Slim chance for Goldsmith plan to save Beaverbrook

By Our Financial Staff

A proposal to enfranchise the non-voting A shares of Beaverbrook Newspapers has been rejected by trustees of the Beaverbrook family trusts who control the company through holdings of voting capital.

As a result, a plan to save the group, proposed by Sir James Goldsmith, whose Cavenham food group owns 40 per cent of the A shares, and by Lorrho appears doomed. Sir James was understood to be demanding full enfranchisement as part of his plan to inject cash. As the voting capital represents about 11 per cent of the total, that would have given him more than a third of the vote.

The trustees met at Beaverbrook's head offices yesterday to discuss matters including the voting structure. Hill Samuel, the merchant bank, has been appointed the trustees' financial adviser.

It is thought that the trustees were prepared to surrender their voting control as that would have left the family without a negotiating lever in subsequent talks with Sir James.

The Beaverbrook board, which had requested the trustees to consider enfranchisement urgently, is to meet tomorrow.

Savundra firm creditors may get 30p in £

Some money is to be repaid to motorists hit by the collapse over 10 years ago of Dr Emil Savundra's Fire, Auto and Marine Insurance company, as well as the creditors of nine other failed insurance groups. There is up to 30p in the pound available for the 300,000 people that were insured with Fire Auto. Page 21

Test match drawn

The first Test match between England and Australia, was left drawn at Lord's yesterday when a light stopped further play. Australia, needing 226 to win after England were all out for 305 in their second innings, had scored 114 for six with only five overs remaining. Page 11

Connors starts well

Jimmy Connors, the No 1 seed, had an easy victory over Richard Lewis, of Britain, when he made his belated appearance on the centre court yesterday. Page 12

Cold dawn fails to deter druids

Undeterred by an overcast, cold dawn at Stonehenge, 60 druids performed their annual summer solstice sunrise ceremony. A thinner crowd than usual watched from outside the barbed-wire perimeter fence and the druids carried out their ritual against the sound of a rock music concert. Page 4

Threat to BBC

Sir Charles Curran, director-general of the BBC, stated that in the 1960s ministers contemplated removing governors of the corporation in order to secure assent to a proposal that the corporation should take advertising revenue. Page 3

Ethiopia link cut

Five bridges have been blown up on the railway line connecting Addis Ababa with Djibouti and are likely to take three to four months to repair, according to diplomatic sources. Page 8

Mr Beigin in new poll contest

Israelis went to the polls yesterday to elect new leadership for the powerful trade union organization, the Histadrut, as Mr Beigin's new Cabinet took office. The Histadrut could hamper Mr Beigin's right-wing domestic policies if it remains under Labour Party leadership. Page 7

EEC ice cream fight

Mr Strang, Parliamentary Secretary at the Ministry of Agriculture, told EEC ministers of agriculture in Luxembourg yesterday that to insist on calling the British variety of ice cream "edible ice", as proposed by the European Commission, would make the Community a laughing-stock. Page 5

Windscale danger: Terrorists might be able to steal plutonium and make a crude bomb, the managing director of British Nuclear Fuels conceded at the Windscale inquiry. Page 4

Leader page 17
Letters: On the case of Guardsman Holdsworth, from Master D. R. Thompson: on tinkering with the constitution, from Professor Nevill Johnson; and on a Soviet spy refused asylum from Mr Nicholas Bethell and Mr M. R. D. Foot.
Leading articles: Unemployment and the economy: Russia.
Obituary, page 19
Mr James Lomas-Simpson; Miss Geraldine Brooks.
Features, pages 8, 16
Kenneth Shackleton asks if things are as rosy as Ghana's military claims: Bernard Levin on German PoWs; John Robinson, personal column; Eleanor Bloom on the Adriatic.
Arts, page 9
David Robinson writes about Hitler—A Film from Germany which suggests that Hitler is a surviving influence on our times. Michael Church reviews the ITV play *Last Summer*.
Sport, pages 10-13
Cricket: Yorkshire back on top in county championship; Racing: Four-day acceptors for Irish Derby; Rugby League: Fielding outfit for world championship final.
Business News, pages 20-26
Financial Editor: Talk of ballooning BP subscriptions; Plessey rejects ideas of a "second force".
Stock markets: In another subdued session the FT Index closed 3.2 lower at 442.0.
Business features: Rosemary Brown describes how industry is finding new favour with graduate job-hunters.
Business Diary: A descendant of John Donne in the City.

HOME NEWS

Post Office engineers eject phase three and give warning that they may not honour phase two

From Tim Jones
Labour Reporter
Blackpool

The Post Office Engineering Union yesterday rejected a phase three pay deal with the Government and made clear that its commitment to honour the current agreement might crumble if inflation rises rapidly or other workers break the 12-month rule.

In addition, the union will demand more money for a productivity deal when phase two ends on July 31. It will discuss later this week plans to take industrial action unless it obtains agreement on a shorter working week by October 1.

Delegates to the union's conference, whose members do not receive the phase two supplement until next month, also instructed the executive to

negotiate the next pay claim on the basis of keeping pace with inflation, which is running at about 17 per cent.

The union's proposal to honour phase two was carried after Mr Bryan Stanley, the union's general secretary, had warned delegates that if they rejected it they would stand alone in the trade union movement.

If they rejected phase two, he said, they would be faced with the daunting and impossible task of persuading the RUC and the Government that Post Office workers alone should be given exceptional treatment.

But Mr Stanley made it clear that in its negotiations for the 1978 settlement the union would be adopting a tough approach. "We are not prepared to see any settlement after the end of phase two which results in deteriorating

living standards for our members," he said.

Most of the opposition to phase two was based on allegations of the Government's failure to honour its pledges on inflation, employment and prices. One delegate, Mr John Donnelly, said that increasing prices coupled with wage restraint were endangering the structure of the family unit.

Another, Mr Philip Lloyd, called for an immediate pay claim of 20 per cent.

By the relatively slim majority of 70,938 votes to 52,199 the conference cleared the way for its representatives to sit on the board of the Post Office during the two-year experiment in industrial democracy.

Under the scheme, which will be the first of its kind in Britain, the board will be constituted on the basis of seven union, seven management and five independent members.



Men of the Royal Military Police celebrating their centenary yesterday by parading in uniforms worn between 1877 and the present for inspection by Brigadier Michael Matthews (right).

Efforts to reconcile Catholics to RUC

From Christopher Walker
Belfast

An important new effort is being made in Northern Ireland to overcome one of the most stubborn barriers in the way of any long-term political solution to the continuing crisis, acceptance of the Royal Ulster Constabulary by the Roman Catholic minority.

In the wake of the successful handling of last month's abortive "Royalist" strike by the police, the Government is hopeful that progress can now be made towards reconciling Roman Catholic politicians to a force which is 90 per cent Protestant.

Until now leaders of the Roman Catholic minority have insisted that a guaranteed position in a devolved government was a necessary condition for their full support of the police. Unionists have argued that unwillingness to give the support was evidence of a lack of desire such a position.

Earlier this week a delegation from the Social Democratic and Labour Party spent more than three hours discussing the situation with Mr Kenneth Newman, the English-born Chief Constable of the RUC, who has been largely responsible for recent improvements in its image and performance.

After the talks, Mr Gerard Fitt, leader of the party, said that although the recent examples of impartial policing had made it easier for the minority

to trust the force, there were still areas of serious concern which had been put forward by Mr Newman.

Mr Fitt cited the repeated allegations of brutality against RUC members in two Ulster police stations. Although conceding that the Provisional IRA was conducting a propaganda war on the subject, Mr Fitt maintained that there was sufficient uncertainty about methods of police interrogation to warrant an inquiry.

A second reservation was the failure of the RUC to prosecute members of its force named in the proceedings that led to the recent torture hearings before the European Court of Human Rights in Strasbourg.

"Those people are still in the force and it is unacceptable to have any faith in such persons," Mr Fitt said. Other areas of concern raised by the delegation included the RUC complaints procedure and the method for recruitment into the RUC.

Mr Fitt said the party believed that at present many of the recruits "would bear a great deal of animosity towards the minority population". He went on to attack the alleged failure by the police to solve sectarian murders in country areas outside Belfast.

Mr Fitt claimed that the chief constable had promised to look into the whole question of lack of trust for the police among the party and its supporters.

No question of martyrs, Mr Silkin says

Mr Samuel Silkin, the Attorney General, said yesterday of the Grunwick dispute: "Let no man speak of martyrs. There will be no martyrs."

Picketing which aimed to terrorize was neither lawful nor democratic, Mr Silkin told a one-day London conference on industrial relations and law. On the other hand, peaceful picketing was part of the tradition of our industrial system. It was "the opportunity for peaceful persuasion".

"That is how responsible and respected trade union leaders like Mr Roy Grantham (the Apex leader) regard it. That is how responsible trade unionists wish to use picketing and that is how for long periods in this dispute it was used."

"But picketing which is not peaceful is not lawful. Picketing the aim of which is not to persuade but to terrorize is neither lawful nor democratic."

Mr Silkin said there were those who would turn a peaceful dispute into a violent series of battles. "There are those at both political extremes who see in disputes such as this one the opportunity for undemocratic and dangerous ends and so fasten on to a peaceful dispute."

"If in consequence violence results, it is in consequence the police and the courts do their duty as they must, let no man speak of martyrs."

Mr Silkin said he would not comment on the merits of the issue. "But I am entitled to express the hope that the good offices of Mr Booth, the Secretary of State for Employment, will be willingly accepted by both sides and that a true spirit of compromise will prevail."

The situation was dangerous and one "for playing politics".

Mr Silkin emphasized that his remarks did not refer to any of the arrests which had taken place or to any cases now under consideration or before the courts.

Man in the news: Mr Ward sees clash as question of rule of law Owner of Grunwick says he will never give in

By Robert Parker

Mr George Ward, owner of the Grunwick film processing plant, considers that every man in the country is suffering under present conditions.

It is getting increasingly difficult to run a business because of the activities of unions and their operation outside the law, he said in an interview with The Times. He regards the dispute in and outside his factory in north London simply as a question of the rule of law and of preventing union bullying.

Mr Ward, who is 44, started Grunwick in 1965 after leaving the City. It has grown to one of the largest processing companies in Britain, employing 450 people last summer. There are now about 260 employees.

"I have more than fulfilled my ambitions in respect of the company," Mr Ward said. He admits he is an obstinate and determined man. "That is how the company is what it is."

"I shall never give in to this sort of thing," he said, pointing through his office window to the chanting pickets outside, who appeared just as determined to get Mr Ward to allow the Association of Professional, Executive, Clerical and Computer Staffs (Apex) to recruit from the factory.

Mr Ward defiantly demands to know whether he has acted illegally. He says he was entitled to dismiss the 137 people who came out on strike last August over the dismissal of somebody whose work was "unsatisfactory".

He defends his refusal to go to meet Mr Booth, Secretary of State for Employment, who has been trying to organize conciliatory discussions, and demands that the minister should visit the factory.

"I want to talk about the facts, and it would be impossible to do that in Mr Booth's office," Mr Ward said. "Mr Booth has to see for himself that all this rubbish that some ministers and Labour MPs have been talking about rotten conditions and the nineteenth century is not the case."

With a sudden fervour the fraternal hands have united in a fight to the death. "We will close the firm before we give up," Mr Roy Grantham, Apex general secretary says.

The issues involved strike at the heart of trade unionism. The dispute originally involved just over a hundred people of Asian descent (the number has since diminished) who were not unionized when they went to work. A small number of Apex members in working normally. The pickets' banners held aloft every day carry allegations of low pay, exploitation, bad conditions, intransigent management and anti-unionism.

If that were not enough to stir the heart of every trade unionist, the P.O. Office was involved in legal threats for blocking the firm's mail. The involvement of the right-wing National Association for Freedom adds flavour to the mixture.

The immediate issues are a demand for Apex for bargaining rights and an insistence on talks with the management about conditions of employment. The firm has been consistently resolute and has yielded a recommendation to the Advisory, Conciliation and Arbitration Service (Acas) that Apex should be given recognition rights.

After that recommendation the firm issued a writ of ultra vires (outside the power of jurisdiction) against Acas on the grounds that Acas had included in an attitude survey those people who were no longer employees of the firm.

Mr Laurence Pavey, MP for Brent, South, has described the firm as a sweat shop with a management which could have been lifted straight out of the Dickens era. The strike leaders marched into the annual conference of Apex last month and delegates contributed £1,000 from their own pockets.

The strikers spoke to the conference of compulsory overtime, sacking without notice, £28 wages for a 40-hour week, no holiday pay and dismissal for joining a union. Women, it was said, had to raise their hands for permission to go to the lavatory. They said that things had improved only marginally.

The only direct contact with the management Apex has had in 10 months has been a furious 10-minute meeting in the yard between a junior management man and one Apex official, Mr George Ward, managing director of Grunwick. On Monday he refused to talk to Mr Booth, Secretary of State for Employment, at a meeting with Apex leaders.

The next few months are critical for Grunwick's seasonal business and Apex believes that the company is already in financial trouble. The unions have found the scent and say they will not give up. Their biggest obstacle is the fact that Grunwick has managed to recruit other Asian workers.

Mr Ward says he will never give in. He says he was entitled to dismiss the 137 people who came out on strike last August over the dismissal of somebody whose work was "unsatisfactory".

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The issues involved strike at the heart of trade unionism. The dispute originally involved just over a hundred people of Asian descent (the number has since diminished) who were not unionized when they went to work. A small number of Apex members in working normally. The pickets' banners held aloft every day carry allegations of low pay, exploitation, bad conditions, intransigent management and anti-unionism.

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The strikers spoke to the conference of compulsory overtime, sacking without notice, £28 wages for a 40-hour week, no holiday pay and dismissal for joining a union. Women, it was said, had to raise their hands for permission to go to the lavatory. They said that things had improved only marginally.

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Pageant for the Queen on edge of slum site

From Penny Symon
Liverpool

As the Queen watched a musical pageant in Hope Street, Liverpool, yesterday she could also have seen, if she had glanced to the left, one of the city's most derelict and neglected areas.

The pageant began in the Roman Catholic Metropolitan Cathedral, continued in separate scenes in Hope Street, and concluded in the Anglican Cathedral. Hope Street, a parallel area for which there have been several plans to turn into something more attractive but they have all foundered through lack of finance. But one subject on which all the political groups in the city agree is that the derelict and depressing area should be thoroughly refurbished.

Every 10 and 11-year-old in Liverpool's schools, 17,000 children, took part in the pageant, the music for which was composed by Mr Malcolm Williamson, Master of the Queen's Music. It was based on Psalm 23 and was in four parts, corresponding to the four seasons, and divided into eight scenes.

The first took place in the Metropolitan Cathedral, after the singing of Sir John Bayle's hymn, "The Queen's Song". The music for which was also composed by Mr Williamson.

The Queen was 40 minutes late arriving in Liverpool because the royal car had a slight problem. A large crowd thronged round it.

Earlier 20,000 people, including a horde of athletic performing schoolchildren, packed Stockport County's football ground at Edgeley Park. The ground, which had been given a touch of new paint, had seen such crowds for a long time, as the team usually attracts only about 4,000 spectators.

The Queen then visited an aromatic garden for blind people in the Queen's Recreation Ground at St. Helens. The garden contains more than 100 varieties of sweet-smelling flowers with their descriptions in Braille. It was constructed by "young people on a government job" created by St. Helens Metropolitan Borough Council and Pillington Brothers. The Queen planted a silver birch tree with the same spade with which George V planted an oak tree in the town's Victoria Garden.

Today the Queen begins three-day visit to Wales.

173 sheep and lambs stolen

East Midlands police were searching yesterday for raiders who stole 173 sheep and lambs during the night with the help of a sheepdog and took them away in a lorry.

The sheep worth about £5,000 were owned by Mr Geoffrey Gilby, aged 34, a Dishley Grange Farm, Dishley, North Leicestershire.

A girl escaped with cuts and bruises when she was trapped in an Automobile Association cabin the night she was jostled on the M2 at Farnham, near Rainham, Kent yesterday.

Man in Ulster hospital alleges assault by police

From Our Correspondent
Belfast

The solicitor representing Mr Peter McGrath, aged 64, of Cookstown, who was taken to hospital in Belfast in police custody, said yesterday that he was taking action on the grounds of false imprisonment and assault.

Mr McGrath, who was detained for questioning in connection with the identity of gunmen who murdered three Royal Ulster Constabulary officers in Co Tyrone more than a fortnight ago, was released from police custody and transferred to hospital in Omagh.

On Monday his solicitor applied for a writ of habeas corpus. Yesterday he was informed that Mr McGrath was no longer in police custody. Life sentences for two members of the Provisional IRA were given life sentences in Belfast yesterday with a recommendation that they should serve a minimum of 20 years for their part in the bootlegger murder of a senior member of the Ulster Defence Regiment (the Press Association reports). They were also given sentences of 18 years, to run concurrently, for the attempted murder of another part-time UDR man.

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'Labour governs or goes'—Mr Callaghan

Continued from page 1

Union committee or the Chief Whip."

There was some debate later about whether the Prime Minister had referred to "Bills" or "Bill" but those who made a note of the reference said it was in the plural, and that had great significance for a Bill on devolution for Wales. Many on both sides of the Commons would say that if Wales separated from Scottish legislation, its chances of getting an elected assembly are slim.

Either the Government governs, or it goes," Mr Callaghan said with great force. "Devolution is a clear commitment, devolution goes on. If not, other consequences will follow."

Pulling himself up at that point, the Prime Minister said he hoped no one would say he was angry. He was not angry. He was speaking from pique. He spoke with the utmost good will.

There were other reasons why the Government should stay, Mr Callaghan said. Examples were the improving economic situation, the stability of sterling, the possibility of stabilizing prices towards the end of the year, the prospect of inflation coming down to manageable proportions and the balance of payments position.

"If we get a reasonable wage settlement now, then the prospects for this country are better than they have been at any time since the end of the war," Mr Callaghan said. Noting a point made by several speakers that control over prices was important, he said: "The best way of controlling prices is by reducing inflation."

He said, however, that even though the economy would be infinitely improved next year there would still remain one major flaw, a high level of unemployment. That was a matter of great concern to the Government, and ministers were considering how to deal with it.

Against that background, the most exacting degree of responsibility from some members, Mr Callaghan said.

"I dearly want to win the next election for the sake of the movement. We can achieve that only if we receive full support for all government measures from a united PLP. I look to every MP to support the Government or to tell the Chief Whip now that he is not prepared to do so."

Earlier, Mr Callaghan had reminded his backbenchers that the Commons was not a convent and they could not ignore what took place outside. Everyone must realize that strenuous

attempts were being made "to bounce us out of office."

HOME NEWS

Ministers planned to move governors, 3C chief asserts

Keith Cooling, director of the BBC, said last night he had good reasons for that government's removal of governors of the 1960s contentment in order to assist to a proposal that should take advertising licence, of which 30p would be new money. An additional 15p on each licence would pay for 20 community stations envisaged for Scotland, Wales and Northern Ireland.

"Does that sound exorbitant?" he asked. "Does it create an impossible strain for the BBC, or for the licence payer? Look at the price of *The Times* or *The Guardian* on the Sun. Look also at the amount by which they have gone up. Ask your newspaper."

It had been suggested that the licence fee was becoming progressively less acceptable as the amount rose at more frequent intervals and more steeply. The overwhelming factor was inflation. But inflation would have to continue at a very high level to provide an argument for regarding the licence fee as unviable.

"That is not an assumption which anybody calculating the future of this country can possibly accept."

On the proposal in the report of the Committee on the Future of Broadcasting, chaired by Lord Annan, to remove local radio from the BBC and the Independent Broadcasting Authority, Sir Charles said that although the transfer of local programming to a commercial authority dependent on commercial revenue would reduce the expenditure chargeable to the licence income, such a change would in no way reduce the amount of national economic resources allocated to broadcasting.

"In fact, the proposal to switch local radio from the BBC would increase the amount of resources allocated to broadcasting because the BBC would certainly have to retain its own news-collecting capability, in local radio areas in order to provide contributions to its national and international news services."

"That would be true whether we paid somebody else to do it or, as we should infinitely prefer, we decided to do it ourselves."

Bishop of don

Geoffrey Stuart Snell, formerly director of the Organizations Research Trust (Africa), has been appointed Bishop of Doncaster in succession to the late John Hughes, who died in 1976.

He was called to the Bar. He became curate of Northwood, diocese of London, in 1962. The trust, founded in 1968, advises management and administration of churches and other organizations.

Heart disease rise against world trend

In the past seven years deaths from heart disease had dropped by a fifth among middle-aged Americans men; in Britain they had risen in the same age group. Professor Stamler attributed the improvement in life expectancy in the United States to better understanding there of the factors responsible for coronary thrombosis.

Fewer American men smoked now than in the 1960s and American families ate less butter and milk, fewer eggs and more margarine. A recent survey had shown, he said, that two fifths of Americans had made changes in their diet on health grounds.

Compared with 10 years ago, three times as many persons with raised blood pressure were receiving treatment. Other factors that might have contributed to the improvement included better medical care and the decreased severity of influenza epidemics in recent years.

Pause in another battle between moderates and extremists Peace rearing its head in the Poetry Society

By Philip Howard

The Poetry Society meets on Saturday to elect new members of its general council. For the past three years the occasion has been notable more for a clash of symbols, requiring the attention of a war correspondent rather than a lover of poetry. However, the latest report from the front line suggests that peace is breaking out and that the society is on the mend.

At last June's elections the newly formed Poetry Action Group, consisting of five long-standing and distinguished councillors of the society, managed to persuade members to elect seven liberals to the council to oppose the revolutionary modernists, experimentalists and other extremists.

Since then a bitter battle has been fought to save the Poetry Society from coming under the rule of a group that wanted to promote a particular school of poetry.

Last summer the Arts Council appointed its deputy chairman, Sir John Witt, and two members of its Literature Panel to assess the society. The Witt committee reported in October, giving the society 18 months to put its house in order and making some stringent recommendations.

They included tightening the administration, employing new staff, broadening the scope of the society's artistic programme, and ending internal dissension. Its main financial recommendation was that the society's grant, subject to an end to internal dispute, should be raised from £24,000 to £54,000.

The extremists could not stomach what they regarded as dictation by the Arts Council. They determined on the acrobatic feat of committing financial harakiri while at the same time hitting the hand of the Arts Council that fed them. Over the past six months the zealots on the council have walked out.

At one time the Poetry Action Group found themselves the Last of the Mohicans. All the other moderate pluralists had been removed by the extremists packing poorly attended elections, or had resigned in disgust. The Poetry Action Group stuck it out because they believe that the Poetry Society is the main institution capable of fulfilling national objectives for poetry.

They point to its excellent work in schools, arts centres, and the regions. They emphasize its role as a platform for known and new poets of all kinds, and they show that the largest part of the society's grant goes directly to poets, who are the least rewarded group of artists.

Since the extremists decamped, the remaining moderate pluralists have implemented most of the Witt committee's recommendations. Its main case of concern, internal discord, has ceased. The Poetry Action Group is sending a letter to all members of the society recommending a strong list of moderate and pluralist candidates for election by the society's members on Saturday. If members follow its advice, the troubled affairs of the society may at last cease to bring poetry into farcical dispute, and the war correspondents will be able to pack their kitbags and leave the society in peace.

Survey to raise standards in mental hospitals

By Our Social Services Correspondent

Four out of 10 mentally handicapped people in Britain's long-stay hospitals have to sit all day with nothing to do, the Mental Handicap Week conference was told yesterday in London.

Mr. Moyie, Minister of State for Health, told the conference, organized by the National Society for Mentally Handicapped Children, that most hospitals had been transformed since 1969, when minimum standards of space, privacy and environment were first set. But much remained to be done, and he was disturbed by reports of the conditions still existing in some hospitals.

That was why he had asked the National Development Group for the Mentally Handicapped to carry out a study of mental handicap hospitals and advise ministers on how standards could be improved in the short term with existing resources. He hoped the study would be completed early next year.

Professor Peter Mittler, chairman of the group, said the national average of four out of 10 mentally handicapped people in hospitals with no industrial activity on the wards, no social education or even recreational facilities, obscured the worse; figures for some hospitals. In one, nine out of 10 patients had nothing to do each day.

He urged members of the conference to become active locally and discover what facilities were provided in their hospitals for the mentally handicapped, as well as pressing for more patients to be released into the community.

He emphasized the need to remove the 4,500 children under the age of 15 from such hospitals, but pointed out that provision for them in the community had stood still for the past seven years.

Minister puts pressure on Tameside over schooling

Mrs Williams, Secretary of State for Education, has given the Conservative-controlled Tameside education authority until July 12 to submit details of how it plans to adopt comprehensive education are progressing.

Tameside, in Greater Manchester, was the only authority that failed to meet the six-month limit, which ended in May, set by Mrs Williams for the eight authorities who had not submitted their plans for comprehensive schools.

In a letter to the education authority yesterday, Mrs Williams says she welcomes the council's intention, set out in a letter of May 20, to comply with the Education Act, 1976, but she is "perturbed" by their failure so far to submit their proposals.

Mrs Williams says that she now wishes to receive, within seven days of a meeting of Greater Manchester Council on July 3, a report describing in detail progress made.

Ultrasonic device 'gives Britain 18-month lead'

A British company has developed an ultrasonic scanner giving a three-dimensional picture which, it claims, represents an 18-month technological lead in such aids to medical diagnosis.

Sonicaid Ltd, of Bognor Regis, Sussex, says its machine should help to extend ultrasonic investigative work, now commonly used to monitor a child in the womb, further into such internal organs as the pancreas, the liver and kidneys.

The Multiplanar Ultrasonic Scanner costs £42,200. Its three-dimensional presentation of its scan on a television screen is a result of three years' research.

The company has sold one machine in Britain and three in Spain. It has sent one machine to King's College Hospital, London, one to Northwick Park Hospital and two others to the United States and Germany.

Student rebates

We regret that processing of recent applications for student rebates has been held up by a clerical dispute which is now resolved. Struggling efforts are being made to deal as rapidly as possible with the backlog of correspondence. We apologize to students concerned for this delay.

Move on miners' benefits

By Ronald Kershaw

Thousands of coalminers whose homes are either rent free or rent subsidized may be called on to pay tax on such benefits. The National Coal Board has sent a letter to the mining unions informing them that in the light of the Finance Bill now before Parliament rent reductions are being looked at by the Inland Revenue.

A coal board spokesman said last night that the coal board was trying to sell off its houses either to mining tenants or to local authorities. At the top of the range, however, rents for modern houses equated with those charged by local authorities.

He said: "This situation has existed since 1963, when the Finance Bill of that year was introduced, but it was within the purview of the Inland Revenue to waive a tax on such benefits by declaring that these houses were under occupation directly because of an occupant's job."

A spokesman for the Inland Revenue department said the provisions in the Bill were for general application. Exceptions might occur, however.

Pension books charge

Richard Hughes, aged 23, of Coldharbour Lane, Brixton, London, was remanded in custody until next Monday by magistrates at Camberwell, London, yesterday on charges arising from the theft of 1,200 pension books from a South Norwood social security office.

Child has polio

A case of poliomyelitis was confirmed in Essex yesterday. The patient, a girl aged four from Rayleigh, was taken ill earlier this month while visiting relatives at Harold Wood, where she is in hospital.

Thames flood plans to give earlier warning

By Stewart Tendler
Home Affairs Reporter

Nearly eighty local authorities and public bodies are revising plans in London to cope with the possibility of the worst predictable peacetime emergency Britain could face, a Thames flood.

Until 1981, when a series of defences based on a barrier should be complete, London remains vulnerable in the period of seasonal high tides between August and April each year.

Last year the Greater London Council estimated that 45 square miles of the capital, 2 million people and 250,000 homes might be at risk, not to mention industrial plant and the centre of Britain's government.

The reason for the revision of the warning system is a government decision that London's population should be given an earlier warning of risk than in the past.

Since 1968 a flood warning system for London has been in operation, based on the Meteorological Office's centre at Bracknell, Berkshire. Data are gathered from tidal gauges along the east coast and experts calculate what a storm in the far north of Britain might mean for London.

The sort of pattern they are watching for is a depression on the west coast of Scotland moving into the North Sea, creating a storm surge. High winds would push the surge south until it reached the Thames, joined a high tide and swept into the city.

Bracknell would issue its first warning to London 13 hours before high tide at London Bridge. There would be further notifications at the seven and five-hour stages and at four hours the police and local authorities would start to take precautions. Three hours before high tide emergency services would go on alert. Police would man prearranged points to divert traffic.

An hour from high tide in London, if the surge was passing Southend and the omens were bad, 80 sirens in London would start howling and the public in risk areas would be advised to take to high ground or above street level. Old and handicapped people at risk in low-level areas or basements would have been evacuated and transport services such as trains stopped.

The new warning plan envisages a public alert four hours before any flood. Discussions taking place will decide how it should be given. The sirens are likely to remain silent until the final hour, thus the first public warning will probably go out over local radio and television and in the London evening newspapers.

A new batch of information posters and leaflets are being prepared to keep people aware of the risk.

There is also the question of London's commuters. At four hours' warning it should be possible, depending on the time, to get people out of the capital or stop them coming in. The plans envisage warnings at commuter stations round London or using relex to reach 13,000 companies and get them to send staff home.

Apart from instituting the four-hour warning, changes will be made in the other plans for activating emergency services. They are likely to start working after a six-hour warning.

If that all seems unlikely, it should be remembered that 200 years ago tides rose to less than 14ft at London Bridge but 100 years ago they reached nearly 16ft. The threat of flooding is on a vast scale then before because south-east England is sinking slowly. At the same time central London is sinking into its clay bed.

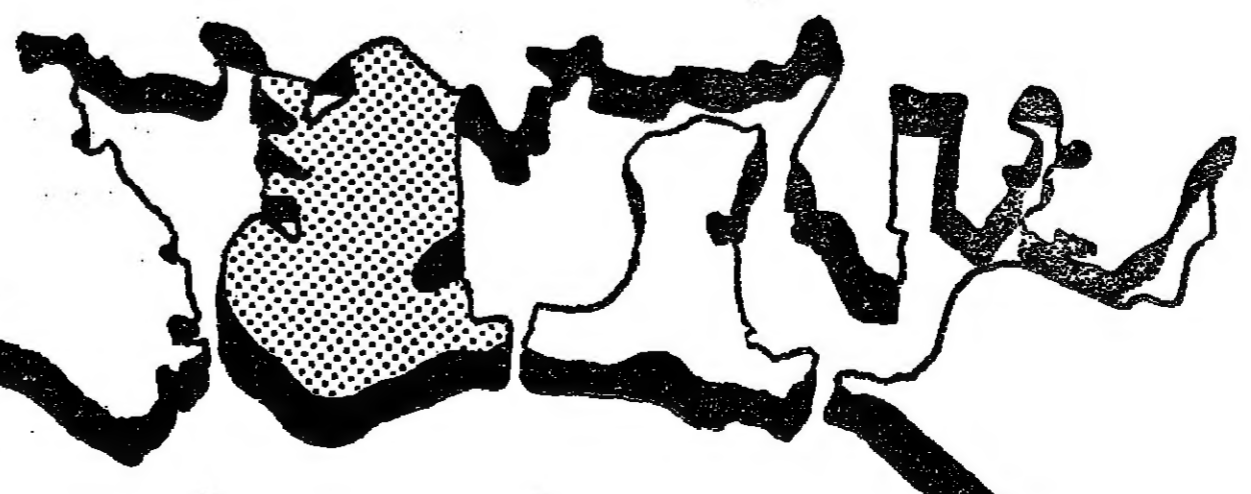
In 1928 people were drowned when flood water covered parts of central London, including Millbank.

PORTSMOUTH



"a dynamic, thrusting and purposeful
City moving forward economically and
socially—which has moved into a new era
with new hope and new direction"

Richard Sotnick
Leader of the City Council in his Annual Statement
5 April 1977



City of the South

*Libya

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We've expanded again!

Libya 1 (the unique Libyan Arab Airlines Service to and from Libya) offers an important addition to its London-Libya service. There are now two extra flights each week, London-Rome-Benghazi with the option of getting on or off at Rome. Here are the details:-

Tuesdays and Thursdays (all local times).
London-Rome depart 14:15 **Benghazi-Rome** depart 08:45
 arrive 17:25 arrive 10:50
Rome-Benghazi depart 18:15 **Rome-London** depart 11:50
 arrive 20:15 arrive 13:05

This is all part of a continuous programme of development which has trebled the size of the airline in three years.

The fastest, easiest, most relaxing way to fly to or from Libya is by Libyan Arab Airlines.

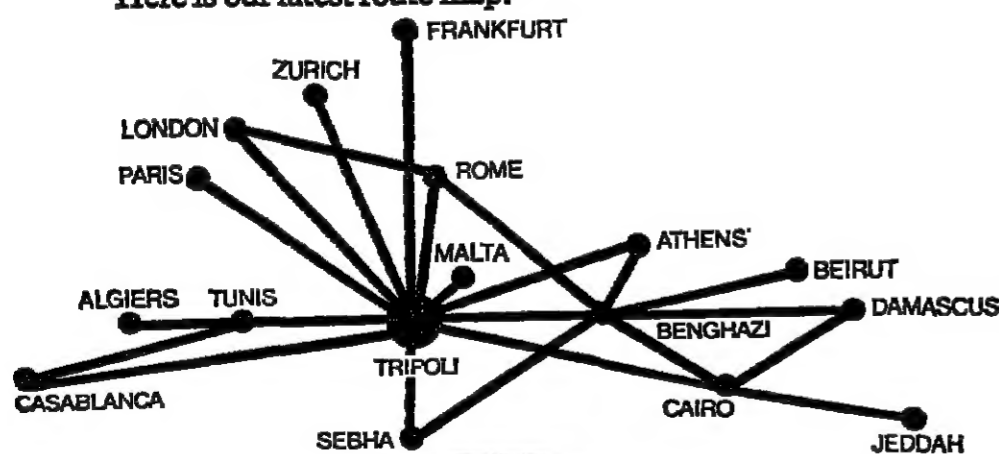
Arrival and departure times are designed for the utmost convenience of businessmen and others.

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HOME NEWS

Clouds rob druids of Stonehenge sunburst

From Alan Hamilton

The priests of the old religion, who have the knowledge of the oak tree, gathered in the ancient time-circle of Cathor Chall yesterday morning to greet the first shaft of mid-summer light, rising above the Sun Stone to strike the Stone of Measurement, banishing the dark mantle and bringing the return of the Golden Age. Unfortunately, it was cloudy.

Nevertheless, the 60 druids persevered in the biting mid-summer cold at Stonehenge as the solstice dawned more by the slow turn of a dimmer than by the flick of a switch.

It was the second year running that Stonehenge has been denied the opportunity to prove its mathematical precision by receiving that first burst of sun, but the celebrants were undismayed.

Perhaps the atmospherics of present-day Stonehenge have frightened away the spirit of Awen which the druidic vigil seeks to raise. The monument, which with 700,000 visitors a year is exceeded in popularity only by the Tower of London, is flanked by barbed-wire fencing and perimeter lights.

Traffic roared by on the Exeter road, the leading druid had to issue a clipped order for television lights to be put out, and a skylark, the first to notice the impending dawn at 3.30 am as it soared above the stones, was obliged to compete with the decibels of a rock concert half a mile away.

A thinner crowd than usual watched from outside the fence, shouting irreverent banter. Inside, police with tracker dogs circled in the lark lest there should be a reappearance of the Wallies, a rival religion of peace and long hair, whose members occupied the monument in 1974.

Around the hallowed ground the druids performed their ritual, laying out the symbolic elements of fire, water, bread and salt, and a rose, affirming their adherence to the covenant between heaven and earth, the spirit of supernatural fatherhood, and the wisdom of the Words of Gold and of the Triads. Their ghostly white robes fluttered in the chill breeze, revealing beneath an array of boots, jeans, tennis shoes and even a kilt.

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the chapel, said the chapel wanted a formula that would allow members to work normally for newspapers not on strike, but would not force them to take strike-breaking action by supplying reports to Darlington, where 106 journalists employed by the group are on strike.

The strike by 14 journalists at the London office of Westminster Press continued yesterday after plans for a settlement put forward by the National Union of Journalists' chapel (office branch) were not accepted by the London editor, Mr Martin Davies.

Mr Stephen Cook, clerk of

Journalists stay on strike

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From Pearce Wright

Science Editor

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The production of such a weapon, he added, was not as easy as popularly portrayed, would the theft be of suitable material.

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As more than 19,000 tonnes of Magnox fuel has been reprocessed over the past 25 years, and one tonne of fuel yields two kilograms of plutonium, most of that recovered must have been earmarked for defence.

The second answer shows by the year 1990 the civil stocks would rise to 30 tonnes and by the year 2000 to 45 tonnes of plutonium. It is the accumulation of large stocks, and the shipment of plutonium as fuel for future generations of fast breeder reactors that lay at the heart of arguments yesterday about proliferation of weapons material either to terrorist groups or to non-nuclear weapons states.

Cross-examined by Mr Raymond Kidwell, QC, for Friends of the Earth, Mr Alday accepted that terrorists might obtain plutonium. Asked if he

accepted an assessment that they could make a crude device equivalent to 100 tonnes of TNT, he said: "They could make something to be exploded."

He did not believe the size of stocks mattered, because such a small amount was needed for an explosive device. About eight kilograms is generally regarded as enough. He made a clear distinction between controlling terrorist groups, who were a menace whatever explosive material was involved, and the creation of new weapons states.

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Army needs all land it holds on Dartmoor

By Henry Stanhope

Defence Correspondent

A public inquiry into military training on Dartmoor has confirmed that the Ministry of Defence needs all the land it holds there. But it acknowledges that the combination of military training and a national park is "discouraging, incongruous and inconsistent," and that the conflicting issues are more acute on Dartmoor than in any other national park in Britain.

It makes recommendations that could achieve a better balance between the conflicting needs of holidaymakers and the Armed Forces in an area that is regarded as one of Britain's foremost tourist attractions.

Meanwhile the Government, in a White Paper published simultaneously yesterday, has agreed to look at most of the proposals, designed to reduce the impact of military training on Dartmoor ranges and to improve public access to the scenic area.

The inquiry by Lady Sharp, was established two years ago to look more closely at the Forces' use of 30,000 acres of Dartmoor after several people had expressed dissatisfaction with the findings of the Defence Lands Committee, 1971-73.

Her conclusions, however, generally support the previous committee's statement that "given the situation as it is, the Ministry of Defence need all their training areas on Dartmoor."

Moreover, yesterday's White Paper, published jointly by the Secretaries of State for Defence and the Environment, confirms that despite manpower reductions and reconstruction in the Services, demands for training land on the moor is unlikely to diminish significantly.

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ME NEWS

Game mise annual ne Fair

Oppher Warizan
The Fair, that annual occasion on which the Landowners' Association to indicate towns and the mysteries of the fishing, if not to take place this oburn Abbey on July
was started in 1958 the small landowner, but has been ex- the years to allow in popularity. Visitors own how to cast an for coarse and game not a clay pigeon, rchery, and demon- process of their dog wing competition. party was yesterday ples of these delights, at the expertise of seasonal and taking elight when they ir fallibility.
Labrador, showing igeance on a cold day, retrieve a dummy a lake even after its in unceremoniously into the water, and honour had to be a more enthusiastic. The archers had with a new American per, but many a clay down to pieces. The two days more 00 of the chalk and s will plummet to
has housed functions on a studier concep- concerts, and the have its share of ies.
vellers especially will the demonstrations jugs and drummers- plans for ferrets and d there will be a range and mart, said only ferret fair in y. Ferrets can be ale at high prices, perus say that 23 is to the anti-fid y, the Country Land- ociation and the fair n, and say that the sman is the most s of conservation-
Fire
irty patients and the safely evacuated yes- the Bardeux House dieptics at Magball, ool, when fire broke 1 cupboards.

Students' union urged not to expel Jews

From Our Correspondent

The students' union at York University is being urged by the vice-chancellor, Dr Morrison-Castlaine, to reject a recommendation for the expulsion of the Jewish society. He says that if that is not the outcome of a union meeting today the university's governing bodies will intervene.
The 40-member Jewish society on the campus is being denied recognition, funds and facilities by the union after its decision to support explicitly the state of Israel. The union maintains that this conflicts with its policy of severing all links with Zionist groups.
Our Religious Affairs Correspondent writes: Growing concern at the effect of quarrels between Jewish students and pro-Palestinian student organisations in British universities has provoked one of the largest Jewish groups, the Reform Synagogue of Great Britain, to alert all its members. Constituent congregations have been asked to support Jewish students "in the struggle for the protection of their rights as Jews".
Apart from the students' union at York, six students' unions have passed resolutions to withdraw recognition always on the ground that Jewish students' societies are "Zionist" and Zionism is alleged to be a form of racism.
But Jewish societies penalised in that way are invariably handicapped in their cultural, religious and social activities on campus, and as a result certain Jewish leaders are beginning to complain that the effect, if not the intention, is antisemitic.

The National Union of Students has publicly condemned discrimination against Jewish societies. Mr Charles Clarke, its president, said last month: "The whole force of the union will be used to protect both Palestinian and Jewish students in the event of their coming under attack".
According to the Union of Jewish Students, such attacks occur in universities with many Arab students, or whose student unions are dominated by Young Liberals or Trotskyites.
Apparently in a coordinated campaign, similar motions condemning Zionism as racism have been proposed at as many as 20 universities and polytechnics. The implication, sometimes stated and sometimes not, is that the particular Jewish society in that university is barred from any of the privileges of affiliation to the main student body.
In Salford University earlier this year the students' union withdrew the use of a hall that was booked for a Jewish meeting to be addressed by a local rabbi. In one or two other cases known to the Union of Jewish Students, explicitly anti-semitic propaganda began to appear in the student body after the union had passed a resolution against the Jewish society.
The situation is not without provocation on both sides: the Jewish society at York deliberately added a reference to its support for Zionism to its constitution while it was under investigation by the student union.

Facilities for tests on infectious bodies urged

From Our Correspondent

Full facilities should be made available in every big city for post-mortem examinations on the victims of highly infectious diseases such as rabies and lassa fever, a neurological specialist said yesterday.
Speaking at a Bradford inquest on a Bradford boy, aged 11, who contracted rabies after being bitten by a dog during a holiday in Pakistan, Dr Denis Harrison, consultant neuro-pathologist at Leeds, said that he could not think of any such facilities outside London that were adequate.
There had been pressure for the past two years in Leeds for the provision of a fully sterile room at the city mortuary where a full examination could be carried out on a highly infectious body, but none had yet been built. He estimated the cost at about £10,000.
A verdict of death by misadventure was recorded on Ayub Khan, of Neal Street, who died in March.
Dr Harrison said that because of the inadequate facilities he had been able to examine only the boy's brain and send saliva samples for analysis to London.
He added: "There may well be other cases such as this which have to be examined, where the personnel are subject to very great risk unless the autopsies are carried out in sterile conditions".
Mr James Turnbull, the coroner, said he would fully back Dr Harrison's call.

WEST EUROPE

Angry Communists cancel meeting with Socialist partners over Mitterrand 'arrogance'

From Charles Hargrove

Paris, June 21
The Communists are angry with the remarks M. Francois Mitterrand, the Socialist leader, made about them at the Socialist Party congress at Nantes. To underline their displeasure, they cancelled a meeting today of the joint working committee of the two parties on the updating of the common programme of the left.
The Communists, in announcing the decision, said their central committee will meet on Thursday to examine Mitterrand's attitude.
Their grievance against Mitterrand is that he is too "proud, sure of himself, and domineering". They intend to demonstrate by their pique that they will not allow themselves to be manipulated by him like the Socialists' own left wing, the Ceres, were at the party assembly.
Not that at Nantes Mitterrand was particularly aggressive. In Communist eyes he was worse—he was ironical. And irony is something the Communists cannot stand. They are particularly upset by his blunt statement that he had no intention of allowing the discussions on the updating of the programme to drag out interminably and serve as a "pretext for publicity or propaganda manoeuvres", which is precisely what the Communists want to use them for.

"It would be neither useful nor serious to take more time discussing the updating of the programme than it took to work it out in 1972", the Socialist leader emphasized, adding that one could not pose at one and the same time as good workers for the common programme while presenting the discussions to public opinion in such a way that they increased disunity. In that case, he said, it would be better to stick to the original text of 1972, which was excellent.
Mitterrand's remarks are, however, only a pretext for the kind of overbidding in which the Communists have indulged ever since both parties agreed to update their programme. The Communists' object is to use the discussions to consolidate their claim to be the more genuine defenders of the industrial workers' interests than the Socialists.
The publicising of the cost of the common programme, with which they tripped up Mitterrand on the eve of his recent television debate with M. Barre, the Prime Minister, was part of the same tactics. Their concern has increased because the Socialists show signs of gaining ground among the Communists' traditional shop-floor supporters.
This posturing, including the insistence on more nationalization, is designed not to secure a modification of the common

programme to include their demands—they know the Socialists will not accept most of them—but to position themselves more favourably when it comes to the much more serious business in the autumn of choosing candidates of the left.

They even look beyond a victory of the left at the polls next year, to the possibility of withdrawing from a Socialist-dominated government after it had proven its inability to resolve the country's problems. They could then say the government had failed because it had not met the hopes and aspirations of the labouring masses.

Right-wing commentators, who in these comfortless days tend to clutch at any straws, already discern in this latest rift the harbinger of a breach between Socialists and Communists that might save the Government majority. This is mere wishful thinking. Neither party, with power more nearly within its grasp than at any time in the past 30 years, will take the responsibility of ruining their chances at the polls.
And the Communist leadership has not jettisoned whole sections of their doctrine on the class war, Europe and the nuclear deterrent, to forgo now the fruits of office and return to the political ghetto from which the party has so painstakingly emerged.

Firm stand on British form of ice cream

From Michael Hornsby

Luxembourg, June 21
Britain today defended its right to continue labelling and selling as "ice cream" a product which in the view of most other EEC countries should be clearly recognized as a spurious concoction of vegetable fats and other substances.
Mr Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture, told a meeting of EEC ministers of agriculture that to insist on calling ice cream "edible ice", as proposed by the European Commission, would make the Community a laughing-stock in Britain.
The Commission's proposal was originally part of a scheme for reducing the surplus of dairy products in the Community. As it stands, it would forbid the use of such words as "cream" or "cheese" in the labelling of foodstuffs which have no actual milk content.
The Commission also contends that millions of consumers in Britain innocently buy ice cream in the mistaken belief that it actually contains cream. The British say that this is nonsense.
Mr Strang told his colleagues that Britain also produced "dairy ice cream", which used real milk and this clearly distinguished it from ice cream, which did not. At a pinch, he said, Britain might agree to rename ice cream "non-dairy ice cream", as suggested by the Belgians.
Although the Commission has made clear that it is not challenging the legitimacy of such "traditional appellations" as "cream sherry" and "cream crackers", Mr Strang said that Britain wanted more information about precisely what products would be covered by the proposal.
The British had no objections, however, to a related proposal by the Commission for offering manufacturers supplies of cheap butter to enable them to make ice cream from dairy fats at a cost competitive with vegetable fats and thus to continue selling the final product under its traditional name.

Girls have fewer job chances, commission says

The Equal Opportunities Commission has complained to the Prime Minister about the wide disparity of opportunities between the sexes in the 16 to 19 age group.
The commission says in a letter that there are large differences to the disadvantage of girls in the provision of apprenticeships, vocational training and day release education.
The commission's remarks come at a time when the Government is studying the England working party report prepared for the Manpower Services Commission. That report said there should be greater provision of opportunities for girls.
The commission says that girls represented 49 per cent of the unemployed people aged 16 to 17 last January, compared with 35 per cent in 1970.

Common training urged for the legal profession

Sir David Napley, president of the Law Society, last night called for the two branches of the legal profession to have a common training and for its members to become general lawyers for about three years before trying to qualify as specialist barristers.
He also proposed a reorganization of the system of courts to ensure that those at the higher levels, to which only barristers would have access, would deal with the more important cases. But he fell short of advocating a completely fused legal profession, the aim of the 100-strong "United Lawyers' Association", which organized the meeting.
Sir David said: "Fusion might be an admirable thing, but it is not something that should be fostered on professions such as ours. One of the great virtues of our system is that it

has evolved.
Sir David spoke of four defects of the divided profession. It was impractical to have to decide at an early age whether to specialize.
Secondly, the Bar, in certain aspects of practice, had placed itself in an entrenched position.
Thirdly, he said it was "utter nonsense" that a system has developed in which the mere fact that a person is called to the Bar stamps him automatically as being a specialist and an expert.
Finally, some solicitors relied heavily on counsel. The barrister who had to research everything for solicitors tended day by day to increase their knowledge of the law, while the limited number of solicitors who followed that practice tended to lose their knowledge of the law.

Three-day strike by Italian doctors begins

From Our Own Correspondent

Rome, June 21
Italians were without normal medical assistance today as 80,000 doctors began a three-day strike to demand greater scope for private practice in the future national health service.
The strike affected public hospitals and private clinics. Each establishment left one doctor on call for serious cases only.
Surgeries were closed and doctors were told not to treat patients privately. The public was advised that emergency cases would be treated free at hospital clinics.
The strike was strongly criticized by unions, hospital workers and the left wing, but it was one of the most complete stoppages ever called by the Italian medical profession.

Rome University dean shot by terrorists

From Patricia Clough

Rome, June 21
Professor Remo Cacciafesta, the dean of the Economics Faculty at Rome University, was shot in the legs by two women today as tension rose again at the university. He underwent a long emergency operation for the removal of five bullets.
Responsibility for the attack was later claimed by the Red Brigade terrorist organization.
Professor Cacciafesta was the eighth person to be shot in the legs by terrorists this month. Signor Francesco Cossiga, the Minister of the Interior, said that it was an attempt by left-wing extremists to involve the universities and students in provocation and terrorism.
Earlier this month three armed women terrorists sabotaged the university's computer which is used to process research data.

The shooting, however, appeared to be more immediately linked to fresh trouble simmering on the campus. Large numbers of police are guarding university buildings to enable students to take their examinations.
The police were called in by the university authorities after a strike by administrative staff, which has already delayed the examinations for a month, looked like going on indefinitely. Many students risked losing a whole academic year.
The tension was created, not by the staff, but by extremist students who object to the authorities' action and who yesterday succeeded in breaking up one examination.
The choice of Professor Cacciafesta, who is 64, was not explained by the Red Brigade but he is one of a type of academics, nicknamed the "barons", and disliked by left-wing students.

Correction

In an article about Innsbruck in a Special Report on Austria on April 24 an erroneous statement was made concerning its airport. The airport has in fact recently been reopened for larger aircraft, and is now capable of sustaining safe and regular airline operations.

PORTSMOUTH

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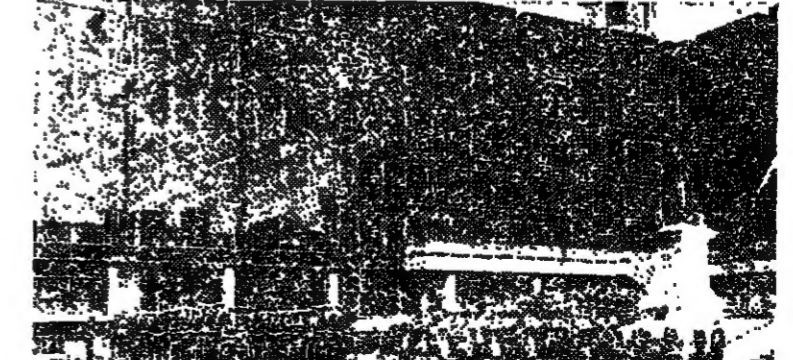
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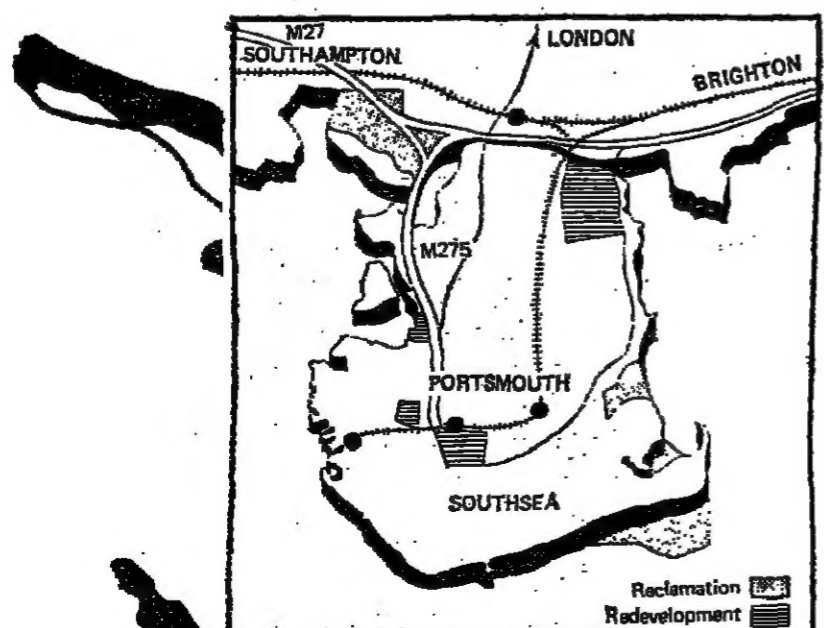
The City has become one of the South's leading office centres. Vast improvements in the road system, new housing developments and expanding shopping facilities all make it an ideal place to set up your headquarters. Many famous companies already have.

This progress has not been made at the expense of the City's rich historical past. The City has a proud heritage, there are many fascinating museums and buildings to prove it. In 1977, the City can show that it has kept pace with advancing technology.

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There is much to tell you, and we will try to do so on the following pages. If you are already interested, send for further information to:



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City of the South

WEST EUROPE

Parisians greet Mr Brezhnev in stony silence from behind unprecedented security guard

From Our Own Correspondent
Paris, June 21

Unprecedented security precautions marked President Brezhnev's appearances in Paris today on the second day of his state visit.

Uniformed, plain-clothes and riot police in battle rig with rifles were almost as numerous as the public along his route. For instance, the whole of the Rue de Grenelle, from the Esplanade des Invalides to the old Soviet Embassy, where a reception took place, had been cleared of all parked cars, lined with crash barriers, and piqueted at every street corner.

What was most awesome, however, was the palpably stony silence with which Mr Brezhnev was greeted by the crowd the whole length of the Champs Elysées.

Today the Soviet leader laid a wreath at the Arc de Triomphe, received delegations of Franco-Soviet friendship

associations, paid a brief call on the Mayor of Paris at the Hotel de Ville, and was entertained to a state dinner at the Elysée Palace.

The call at the Hotel de Ville was a hastily improvised affair; but M. Jacques Chirac, the Gaullist leader, who is also Mayor of Paris, got his way in the end, in spite of the deliberate efforts of the Elysée Palace to leave him out of the rejoicings. Mr Brezhnev met 109 Paris councillors, who, with a few dozen officials were all that could be mustered at short notice for the ceremony.

The discussions between Mr Brezhnev and President Giscard d'Estaing at Rambouillet yesterday afternoon and this morning were unusually frank. There was some forthright speaking on both sides. The nerves of détente and disarmament were firmly grasped, the two sides by no means converging on all issues.

This morning the Soviet President expressed concern over what he called the "increased contribution of France to the Atlantic Alliance", and according to the Soviet spokesman, he referred to a possible change in French military policy, criticising the new doctrine of the "forward battle" outlined by General Mery, the chairman of the French joint chiefs of staff.

"There is a lot of talk about this forward battle", the Soviet leader said. "But against whom?"

President Giscard d'Estaing put the record straight. France was all for détente, he emphasized, but this must not stop short of the military status quo.

Paris, June 21.—A Matra luxury cross-country vehicle, given to Mr Brezhnev, was being sprayed with blue paint today, because he did not like its green colour. — Agency France-Press.

Italian industrialists jailed over use of chemicals that killed eight workers

From Our Correspondent
Rome, June 21

The owners, doctor and managers of a Piedmont dye factory have been sentenced to jail in Turin for the manslaughter of eight workers who died from cancer of the bladder caused by substances processed in the factory.

The verdict is seen here as an important milestone in efforts for greater safety in Italian factories, where precautions are not always observed or enforced. The court made legal history by admitting the trade unions for the first time as co-plaintiffs.

The trial concerned the Industria Piemontese Coloranti all'Anilina plant at Cirié where, the workers claimed, 132 employees have died over the past 20 years from confirmed or suspected cancer of the bladder. Another five workers suffer from the disease.

The prosecution blamed the disease on two substances: betanaphthylamine and benzidine, which it claimed were widely known to cause cancer of the bladder. The defence maintained that none of the substances or processes used at the factory was forbidden by law.

Witnesses told the court that workers' complaints about abdominal pains and blood in their urine fell upon largely deaf ears.

The two factory owners, Alfredo and Sereno Ghisotti, were sentenced to six years' jail, the factory doctor, Giovanni Massa, and the general manager, Paolo Rodano, to four years, and the technical director, Silvio Ghisotti, to three years.

They were found guilty of manslaughter and also of causing bodily harm to four other workers. The five were ordered to pay all costs and compensation, which will be settled by another court.

Chancellor has full support in Bonn vote

From Daad van der Var
Bonn, June 21

After last week's rebellion against tax reform, the parliamentary parties of the West German coalition cabinet closed ranks tonight behind Herr Schmidt, the Chancellor.

In a complete turnout by deputies, the coalition recorded its maximum possible majority, 10, in defeating an opposition motion to suspend the Bundestag against the Chancellor.

The motion was resolved from a ruling by the Federal Constitutional Court that Herr Schmidt had, as Finance Minister in 1973, bypassed Parliament in authorizing supplementary expenditure on his own responsibility to counter the oil crisis.

The court, in its judgment, said he was only following the practice of all his predecessors. Today was the opening day of a four-day debate on the 1977 budget of DM170,000m (142,500m), during which the estimate for the Chancellor's office was also passed with the maximum possible coalition majority of 10.

Last week, the Government narrowly survived votes on tax reform. The left wing of the ruling Social Democrats opposed concessions reducing wealth and company taxes and five deputies either voted against or abstained.

RAF climber killed

Chamonix, June 21.—A 20-year-old Briton, whose identity was given as Kelvin Barber, of Birmingham, was killed yesterday when he fell while descending the Aiguille du Gouter near Mont Blanc with five other Royal Air Force climbers.

OVERSEAS

Russia rejects plan to hasten work at Belgrade conference

Belgrade, June 21.—The Soviet bloc today rejected a Finnish plan to hasten procedural discussion at the European security conference.

Finland proposed a leapfrog technique, with the bypassing of the deadlocked agenda item to see if agreement would be easier on organizational matters.

The discussion was in the fifth day of a planned six-week preparatory session to set guidelines for a conference at higher level, expected to begin in October, when human rights will be a key issue.

Mr Ylli Voronov, the Soviet chief delegate, insisting on completion of an agenda for the main conference as a first task, called for approval of a Soviet draft which the West says would blur the human rights issue.

The Finnish idea, supported by Britain and Norway, was to continue private discussion on the agenda item, while moving on to organizational questions inside the formal preparatory meeting, diplomats said. The agenda would be taken up later.

Bulgaria, Czechoslovakia, and Poland supported Soviet views during the two-hour closed session.

At Bulgaria's proposal, a planned afternoon session was cancelled to avoid a compromise proposal on the agenda under preparation by nine neutral and non-aligned nations.

Conference sources reported intensive informal contacts, with both East and West trying to discover whether the neutral plan would help to break the deadlock.

Approval of an agenda for the main conference was blocked when the EEC and the Soviet Union presented conflicting proposals last week.

The Western proposal called for open-ended debate, with special emphasis on fulfilment of pledges taken at the first security conference in Helsinki in 1975. The Soviet draft called for a more general discussion.

According to the Western plan, the agenda would be divided into three separate items for review: a proposal for major East-West relations, European security and further meetings after Belgrade.

The neutral and non-aligned group, playing an active backstage role, was reported running into difficulties over the wording of its compromise proposal.

The group brings together disparate interests, with traditional neutrals such as Austria, Sweden and Switzerland on one side, and Yugoslavia speaking for non-aligned nations on the other.

Romania was reported keeping close touch with the neutral group.

Conference sources said that there might be problems over an attempt by some neutrals to turn the autumn meeting into a decision-making rather than a consultative session. This is likely to be resisted by the Soviet bloc.

Some Western diplomats described the Soviet stance as "extremely hard-line". They speculated whether it was an attempt to stall the conference in hopes of wearing down European and American resistance.

There has been some criticism of the Soviet stance, which has been described as a tactical error by coming forth with its initiative first, limiting its ability to compromise, as the section review is a key to the entire proposal.—Reuter and AP.

EEC postpones decision on fishing by outsiders

From Our Own Correspondent
Luxembourg, June 21

EEC foreign ministers agreed here today to extend the interim licensing system for the Soviet Union and other non-EEC countries fishing in Community waters for another three months. Present arrangements expire at the end of June.

The much-reduced fish catch quotas imposed unilaterally on these countries at the beginning of the year will also be extended.

The decision means that the

Soviet Union will continue to be restricted to a maximum of 27 average-size trawlers, with no more than 17 vessels allowed to fish at any one time. This represents a cut to less than 200,000 tonnes in a full year, compared with 600,000 tonnes caught last year in EEC waters.

The fishing licences will continue to be issued by the EEC member state holding the Community presidency. This was a concession to Britain, which opposed the transfer of authority to the European Commission.

King's autonomy pledge to Catalans

Madrid, June 21.—King Juan Carlos today promised early negotiations for restoring greater autonomy to Catalonia, Spain's restive north-east region around Barcelona.

Señor Juan Raventós, the Catalan Socialist leader, told a press conference that the King gave this assurance at an audience. Señor Raventós, whose party won the biggest share of the votes in Catalonia in last week's general election, also conferred yesterday with Señor Suárez, the Prime Minister.

"The King manifested his sincere desire to hurry along the negotiations and avoid delays", he said.

Catalonia, which is highly industrialized, achieved a statute of autonomy in 1932 but this was revoked by General Franco in 1938 because the Catalans sided with the Republic which was defeated in the civil war.

Devolution demands in Catalonia and the Basque country are among the main problems facing Señor Suárez in the new Parliament which will rewrite General Franco's authoritarian constitution.

Señor Raventós said he demanded the derogation of General Franco's 1938 decree eliminating the Catalan statute of autonomy, the release of all

Catalan political prisoners, and the concession of a diplomatic passport to Señor Josep Tardellas, exiled president of the Generalitat, the autonomous Catalan government. Señor Tardellas, aged 78, lives in Perpignan, France.

Señor Raventós informed both the King and Señor Suárez of plans by 16 newly elected Catalan senators and 42 deputies to meet soon, probably on Saturday, to elect a council that would negotiate with the Government.—Reuter.

Paris, June 21.—The Spanish Republican Government-in-exile announced here that it had decided to dissolve itself.

Strict police guard for Comecon summit

Warsaw, June 21.—Government leaders of Comecon, the communist economic grouping, began a three-day summit here today to discuss long-term joint ventures in energy and other key economic sectors.

The eight prime ministers and one deputy premier from the nine member states of Comecon—officially the Council for Mutual Economic Assistance—began their annual session under strict police guard at Warsaw's new Hotel Victoria-Intercontinental.

Their main task is expected to be a review of progress in savings up to 15-year co-operation programmes in five fields which were announced at last year's session in East Berlin. The sectors are fuel, energy and raw materials, engineering, food production, consumer goods and transport.

Of these questions, the problem of fuel and raw material supplies for the fast-growing economies of the Comecon countries appeared likely to dominate the discussions. But the meeting was slow to get down to business because speeches on the year's sixtieth anniversary of the 1917 Russian Revolution occupied the session's opening stages.

Despite vast deposits of oil in the Soviet Union and some in Romania, Comecon produces only 73 per cent of its crude oil requirements, and some Western analysts believe the Russians will be increasingly unable to meet their allies' soaring demands.

The full members of Comecon are the Soviet Union, Poland, East Germany, Czechoslovakia, Romania, Hungary, Bulgaria, Cuba and Mongolia. All are represented here by their prime ministers except Cuba which, as in previous years, has sent Señor Carlos Rafael Badaghi, the deputy Prime Minister. Yugoslavia, which has associate status, has also sent a deputy premier. There are also observers from Vietnam, North Korea, Angola and Laos.

There was no immediate reaction here to the EEC's decision today to revise the president of the Comecon executive committee to talks in Brussels on possible links between the two bodies. Although it was Comecon itself which requested a meeting, officials were expected to weigh carefully the implications of the EEC move before making their response.—Reuter.

Bhutto tour holds up election pact

Islamabad, June 21.—Negotiations between members of the Pakistan Government and Opposition leaders came to an abrupt halt today after the two sides were unable to reach a compromise settlement over demands for new national elections.

Opposition leaders said they would await the return tomorrow of Mr Bhutto, the Prime Minister, from a Middle East tour before resuming the talks.

Both the ruling Pakistan People's Party and the opposition Pakistan National Alliance had been hopeful that a final settlement could be reached and formal agreement signed by Friday, paving the way for fresh elections in the autumn.

Professor Ghafoor Ahmed, secretary-general of the Pakistan National Alliance and one of the opposition negotiators, said today: "The remaining differences which rose during his talks with the Government representative, Finance Minister Abdul Afeez Pirzada, can only be sorted out on Mr Bhutto's return from his current Middle East tour."

Mr Pirzada said the disagreements related to the date of dissolution of the National Assembly.—AP.

Teheran, June 21.—Mr Bhutto said here today that a new election would be held on October 7.—Reuter.

US envoy is hopeful about Salt

Moscow, June 21.—Mr Paul Warnke, the chief American arms negotiator, arrived in Moscow today with a substantial more optimistic view of strategic arms limitation negotiations than the Soviet Union had been voicing.

Asked to describe the atmosphere of continuing talks on Salt 2 agreement, Mr Warnke told reporters:

"We are quite encouraged. We think that substantial progress was made at Geneva at the end of May and that the sides are beginning to come to some kind of a general understanding as far as a framework for negotiations are concerned."

The two sides were making significant progress as far as the remaining issues go," he said.

Mr Warnke is in Moscow at the head of a United States Soviet group on military competition in the Indian Ocean, established during talks here in March of Mr Vance, the American Secretary of State.

He said Salt matters "are not the purpose of this delegation."

He was greeted at the airport by Mr Georgy Kornienko, Deputy Foreign Minister, a senior Soviet arms negotiator, but without most of his talks with Mr Lev Mendelevich, who of lower rank.—AP.

Jail for Eoka men over riot in which US envoy died

Nicosia, June 21.—Two Greek Cypriots were jailed here today for taking part in a riot outside the United States Embassy in August, 1974, in which the ambassador and his secretary were killed. Ioannis Kimitas, a former police sergeant, aged 35, was sent to prison for seven years, and Neophytos Lettis, a mechanic, aged 50, for five.

The riot followed the Turkish invasion the previous month which left a third of the island in Turkish hands. When their trial began, both

men were originally charged with homicide but the charges were dropped. They were convicted of taking part in the riot and carrying firearms. Mr Kimitas was also convicted of firing at the embassy and using a firearm.

Well-known activists of the extreme right Eoka movement, both men were associates of Mr Nicos Sampson, whose eight-day seizure of power in the coup which drove President Makarios into temporary exile, preceded the Turkish invasion.—Reuter.

What future for London?

Thames Television's Jubilee project **London Looks Forward**, designed to study and awaken interest in the future of London, is culminating in three events.

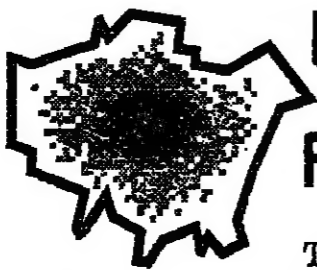
Tonight, in the Thames ITV area only, most of the evening's viewing will be devoted to a two-part special programme. *The Living City & The Future City* begins with a ninety-minute documentary at 8.30, and continues after News at Ten with a live debate until midnight.

On July 4 HRH Prince Philip Duke of Edinburgh will open the London Looks Forward Conference at the Queen Elizabeth Hall. For two days the representatives of national and local government, public authorities, business and industry, trade

unions and many other interested bodies will meet to discuss future policy and action over jobs, housing, transport, and the social and cultural life of London.

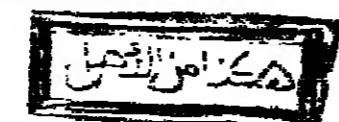
And on July 6 at 7.00pm HRH the Duke of Edinburgh will take part in a final programme reporting to viewers on the conference and its outcome.

London Looks Forward is a unique project, which aims not only to stimulate debate on the vital issues of London's future, but also to communicate these issues as widely as possible to the people of the capital city. We hope it will prove to be a fitting and constructive contribution to the Queen's Silver Jubilee Year.



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Russia rejects... hasten work... Belgrade...

Rhodesian Government pledge to continue 'tireless efforts' constitutional settlement

Correspondent
June 21
recision, pomp and that reflects the ins and tradition in a new session of Parliament was today by Mr John A. President.
salute was fired by its in Cecil Square, the Parliament, the Hawker Hunter overhead in brilliant sunshine, and the President in this public inspection a honour drawn from leaders of the Rhodesian Unit.
minute speech Mr edged the Government's search for settlement in each Britain and the. He said it would tireless efforts to constitutional settlement Rhodesia which will ensure the main existing standards guard the interests groups and guarantee of individuals".
current is therefore fully with the British Government's latest initiative that, with their support, it will be provide a secure future for all the people of Rhodesia", he said.
Mr Wraithall said there was clear evidence that guerrilla groups, with Marxist support, would do their utmost to frustrate this further attempt to reach a peaceful solution. The overwhelming majority of the victims of terrorism were black villagers in the tribal areas, he said.
The hardships and sufferings which the citizens of all races had borne in these brutal attacks commanded everyone's deepest sympathy and respect.
Guerrillas had endangered the country's health services because of attacks on doctors and staff in the tribal trust lands, the destruction of clinics and ambulances, and the theft of drugs and medicines belonging to tribespeople, he said.
Because health officials were hampered and prevented from moving freely about the country, there was a serious possibility of a recurrence of certain diseases and epidemics which were prevalent elsewhere in Africa but which had been eradicated in Rhodesia.
Twelve members of the Rhodesian Front parliamentary caucus, who voted against the Government last March, will know this week how they stand with the ruling party. Since voting against the Land Tenure Amendment Bill, which opened agricultural land to all races, the dissident 12 have been involved in a protracted wrangle with the party's disciplinary committee.
It is reported that Mr Smith, the Prime Minister, would welcome some of the dissidents back within the parliamentary fold, but all indications are that they will stick together and form a new political party. Should this happen, Mr Smith and his government could face serious legislative problems.
The dissident 12 reject majority rule, a policy to which Mr Smith has already committed the country.
Our Diplomatic Correspondent writes: Britain has refused an invitation from Rhodesia to send an observer to the Mozambique border. The Government regards the latest incursion reported by Mozambique, which it believes did take place, despite Rhodesian denials, as one of a series of incursions into Mozambique territory and that it would be wrong to single it out. The problem as a whole is to be discussed at the United Nations, probably early next week.
Salisbury, June 21.—A white Rhodesian policeman has been killed in a clash with black nationalist guerrillas, the military command reported today. His death brings to 328 the number of Rhodesian troops killed in action since December, 1972.

Black Panthers lose suit against police

From Peter Strafford
New York, June 21
A suit brought against seven Chicago policemen by members of the Black Panther party was dismissed by Judge Joseph Perry after the jury failed to agree on a verdict.
Judge Perry, who had already dismissed similar suits against Mr Edward Huerfano, the state's attorney for Cook County, and the members of the Federal Bureau of Investigation, and other policemen, said that the Black Panthers had "failed to sustain their burden of proof".
The raid, which was carried out early on December 4, 1969, was one of the most striking incidents of the turbulent days of the late 1960s. The police surrounded the Black Panthers' headquarters in a flat in a shabby part of Chicago's West Side, and fired into it, killing two of the party leaders and wounding four.
The police said that they had been reacting to firing from inside the flat. But subsequent inquiries uncovered only one bullet from a gun owned by a Black Panther member, compared to between 80 and 100 from police weapons. The case came to be regarded by some Americans as an outstanding example of the abuse of police power.
The survivors and the relatives of the two party members who had been killed, brought a civil damage suit for \$47.7m (£28m) in which they alleged a "murder conspiracy" against the Black Panthers. Mr Hanrahan, who had been seen as a rising man in Chicago politics, did not succeed in living down the incident.
The trial which ended yesterday had been under way for nearly 18 months. It was a complicated and stormy one, with frequent clashes.
The plaintiffs forced the FBI to publish several of its records in which it described preventive actions against "dissident" groups. The records gave details of the FBI's use of informers, infiltrated into groups like the Black Panthers, and of attempts by one of them to induce dissidents to commit criminal acts.
The six-member jury began its deliberations on Thursday, and announced yesterday that they were deadlocked. Judge Perry then said that he was dismissing the suit. The lawyers for the plaintiffs said that they would appeal.

Africans criticize Western concept of press freedom

By Roger Berthoud
One African speaker after another told the Commonwealth Press Union in London yesterday that Western standards of press freedom were not relevant to developing countries.
The need for the West to understand this was most eloquently expressed by Dr P. D. Cole, a distinguished academic who is managing director of the Daily Times of Nigeria. The tradition of British journalists, he said, was to attack their government when possible. But a successful newspaper in the Third World influenced opinion to a degree only dreamt of over here.
The difficulty in Nigeria was how to be usefully constructive without being servile, while attacking grave mistakes.
"We think that press people and others throughout the world should accept that the press in different environments often can have different functions and objectives, and we look to fellow journalists for understanding in disseminating this fact," he said.
Those taking part at Marlborough House ranged from the chairman or directors of the main Fleet Street newspaper groups to editors and managing directors of newspapers in the white, brown and black Commonwealth countries, brought together by the CPU's aim of promoting the health and freedom of the Commonwealth press.
In an opening contribution, Mr Shriden Ramphal, the Commonwealth Secretary-General, said that few developing countries could afford a press based either on the old commercial criteria or on the adversary principle.
This theme was echoed by several African speakers, who said that with the rising cost of imports of newsprint and plant, no government subsidies meant no newspapers.
The CPU president, Lord Astor of Hever, announced that the Astor Award for 1977 would go to one of those present, Mr Chabrey Ired, managing director of The Statesman, a leading Indian newspaper, for resolutely upholding professional standards and ethics during the emergency in India, and for his determined resistance to threats and pressure from the Government.
Such old-fashioned virtues did not seem very "relevant" to the African participants. But he conceded that much older journalistic traditions, including local low-cost community newspapers, which it was felt, should be developed in Africa.

Leading dissidents free

Moscow, June 21.—Two leading figures in the Leningrad Jewish dissident movement have received permission to leave the Soviet Union.
Mr. Ilya Levin, aged 28, an English language translator, told western reporters by telephone that he and Mr David Darr, a 67-year-old writer, will both leave for Vienna on June 29. Mr Levin has been accepted as a post-graduate student at the University of Texas at Austin.
Both men have been active in dissident activities. Mr Darr recently denounced the Union of Soviet Writers after 29 years of membership. Mr Mondale, the American Vice-President, wrote an appeal to the Soviet Ambassador last year when he was a senator, asking for Mr Levin's request to leave to be granted.—AP.

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Plane crash kills five in Uruguay
Montevideo, June 21.—Uruguayan authorities said today they were investigating the crash of an aircraft with 15 people on board minutes after a power failure at the airport where the plane was about to land. Five people were killed and 10 injured in the crash.
The dead included the mayor of the town where the aircraft went down, the pilot, co-pilot and two passengers. Among the injured were the daughter of the Uruguayan air force commander and two rabbis from Argentina.—AP.

Israel denies allegations of torturing Arabs

Jerusalem, June 21.—The Israeli Foreign Ministry today issued a strongly-worded statement denying allegations made by The Sunday Times that Israel ill-treated and often tortured Arab prisoners.
It said torture was a criminal offence in Israel and that any confession extracted by force or even by threat of force was not admissible in court.
"The slur on the courts contained in The Sunday Times is perhaps one of the more reprehensible aspects of the article. Military courts, like all other courts in Israel, are by law independent in their judicial functions and, in fact, composed mainly of private lawyers called up for reserve duty to serve as judges", the statement said.
"In fairness, the paper should have pointed out that the opposite is equally true. It is extremely difficult to prove such things did not happen except by denials and medical evidence. When no medical evidence exists, they simply claim the methods used did not leave marks."
"Israel is an open society with an independent judiciary, a free and vocal press, active opposition parties and under the searchlights of world communications media. We can only repeat that we have nothing to hide."—Reuter.

Yugoslav accused of gold smuggling
Budapest, June 21.—Hungarian customs officials today arrested Mr Ahmed Sabanowski, a 27-year-old Yugoslav, who was accused of trying to smuggle \$1.5m of gold coins and jewelry into Yugoslavia.—Agence France-Presse.



End of an era: Mr Beigin (left) escorted out of the Prime Minister's Jerusalem office Mr Rabin, his predecessor, ending 29 years of Labour Party rule.

Mr Beigin in fresh poll contest

From Moshe Brilliant
Tel Aviv, June 21
Two hours before the polls closed in Israel's Histadrut trade union federation election tonight, an estimated 57 per cent of the 1,350,000 eligible voters cast their ballots.
Thirteen parties entered lists of candidates in the Histadrut election, which may determine the new Likud Government's ability to implement its social and economic policies.
The parties of the Labour alignment, which enjoyed absolute control of Histadrut institutions since its inception in 1920, is fighting to retain this last power base after it lost control of the Government in last month's general election.
If Labour retains control of the powerful organisation, the party will be able to fight the Government's economic programme more effectively from that base than as a minority grouping in Parliament.
Mr Beigin began his tenure as Prime Minister today by instructing his Foreign Ministry to arrange asylum in Israel for 66 refugees from Vietnam who have been afloat in the Pacific since June 4 and unable to find a haven. The refugees are on board an Israeli cargo ship which rescued them from a sinking vessel on June 10.

In brief

Chilean hijacker surrenders

Mendoza, Argentina, June 21.—A hijacker who seized a Chilean Airlines Boeing 727 with 78 people aboard surrendered tonight without a struggle at the airport here.
All the passengers were allowed to leave the aircraft safely. The hijacker, identified as a civil engineer from Santiago, had seized the Boeing during a domestic flight in Chile, diverted it to Mendoza, and demanded a larger aircraft to take him to Algeria.

Democracy's future
Athens, June 21.—Leading politicians and intellectuals will take part in a symposium in October on the future of world democracy. Among the participants will be Mrs Indira Gandhi, Sir Harold Wilson and Herr Willy Brandt.

US Navy plane crash
Honolulu, June 21.—Sixteen servicemen were feared dead in the crash of a United States Navy C130 shortly after takeoff from Wake Island Air Force base. The Navy said the aircraft was carrying highly sophisticated electronic equipment.

Setback for Cruise
Washington, June 21.—An undetermined fault cut short a test of the United States Navy's controversial Cruise missile off the Californian coast, the Defence Department announced here.

San Francisco tremor
San Francisco, June 21.—An earthquake registering 4.7 on the Richter scale shook the San Francisco Bay area last night, but there were no reports of damage or injuries.

Storm kills seven
Damascus, June 21.—Seven people were killed and scores of houses and office buildings damaged when a storm hit the Syrian port of Tartous.

Good Chinese harvest
Hongkong, June 21.—China has had a good harvest despite prolonged drought, the New China news agency reported.

British Airways will get you to the USA.

If the British and American Governments have not renewed the agreement on North Atlantic services by Wednesday, June 22, neither British nor American airlines will be able to fly direct from the U.K. to the U.S.A.

However British Airways have made arrangements to get you to your destination via transfer points in Canada and the Bahamas (see table below).

If agreement is reached, then flight schedules will operate normally.

DESTINATION	ORIGINAL FLIGHT NO.	NEW FLIGHT NO.	NEW DEPARTURE TIME	ROUTE
From London to:				
New York	BA 501	BA 6501	1145	via Montreal*
	BA 509	BA 6509	1435	via Montreal*
	BA 591	BA 609	1515	via Montreal*
Boston	BA 561	BA 6501	1145	via Montreal*
		BA 6509	1435	via Montreal*
Washington	BA 521	BA 6501	1145	via Montreal*
	BA 579	BA 6509	1435	via Montreal*
Philadelphia	BA 561	BA 6569	1345	via Montreal*
Chicago	BA 569	BA 6569	1345	via Montreal*
Detroit	BA 521	BA 6599	1530	via Toronto
Los Angeles	BA 599	BA 6599	1530	via Toronto
Miami	BA 661	BA 2661	1100	via Nassau
From Manchester and Glasgow to:				
New York	BA 539	BA 659	1140	via Montreal*

*In these cases a change of airport is involved at Montreal and British Airways will provide a free bus service.

These arrangements will apply to most passengers but may be varied to suit individual requirements.
In addition we plan to keep inconvenience to the minimum in these ways:
● Similar arrangements have been made for your return flight; simply contact the nearest British Airways office in the USA for confirmation of the details.
● If you already hold a ticket, this will be valid for your entire journey out and back. We shall contact you

or your travel agent with details of your revised routing (if you have not heard from us by 24 hours before your departure please telephone 01-370 5411, or contact your travel agent).
● If you have not yet booked, just make your reservation in the normal way and you will be advised which of the revised routings will be used.
● Similar plans have been made for passengers travelling on British Airways charter flights.

We hope that this disruption of services will not last long and in the meantime are taking every possible step to get our passengers to their destinations with minimum inconvenience. Fly the flag.

British Airways

OVERSEAS

Addis Ababa's rail link to Djibouti broken by insurgent forces

Addis Ababa, June 21.—Insurgents have blown up five bridges along a vital rail link between Addis Ababa and the port of Djibouti since the beginning of June, diplomatic sources said here today.

It will take between three and four months to repair the 500-mile line, according to estimates quoted by the sources. They said rail traffic goes no further than Awash station, 140 miles from the Ethiopian capital, after an attack last Thursday on a bridge between Awash and the town of Dire Dawa. One bridge was damaged as soon as it was being repaired, the sources said.

Ethiopia blames the attacks on guerrillas trained and armed by Somalia in support of Mogadishu's claims to a large slice of territory south of the railway line, which carries more than 60 per cent of the country's foreign trade.

The sources said repair work was concentrating on the Awash-Dire Dawa section because most of the insurgents were in the area to the south of Dire Dawa up to the border with the French territory of the Afars and Issas, which becomes the independent republic of Djibouti on Monday.

Original estimates that the repairs would be completed in two to three weeks have been altered drastically to between three and four months, the sources said. Even the revised estimates would depend on the ability of Ethiopian forces to clear away the guerrillas.

There are indications that some of the tens of thousands of militiamen being prepared for a huge purge here this week will be sent to the south-eastern area because of the seriousness of the situation there.

All lorry drivers have been given notice to stand by to transport the militia and fuel companies have been told to make sure their outlets are well stocked on the route north. The Government is facing stiff opposition from three independence movements in Eritrea, as well as other anti-Government groups throughout the north.

Lieutenant-Colonel Mengistu Haile-Mariam, the Ethiopian leader, has accepted an invitation to attend the independence celebrations in Djibouti. The Ethiopian news agency quoted Colonel Mengistu as saying in reply to an invitation from President-elect Hassan Ghouled: "Ethiopia is convinced that a genuinely independent state

of Djibouti will become a positive factor for peace and stability in our region and we shall spare no effort to assist in every way possible the emergence of such a salutary development."

His visit to the former French territory will only be the second made abroad by the Ethiopian leader since he came to power in February this year after a *gunfight* at the headquarters of his military council. His first visit was to the Soviet Union last month.

Labourers are working around the clock to prepare for the parade, expected later this week as a prelude to mass mobilization against anti-Government forces.

Revolution Square, a vast concrete built after the Marxist military rulers took power from the late Emperor Haile Selassie in 1974, is being paved for the show of force. The date for the parade, which follows an address to tens of thousands of newly-recruited militiamen by Colonel Mengistu, has not been announced.

Observers suggested, because the square is not yet ready, there has been no official indication of where the militiamen will be deployed.

Appeals have been made to feed the hungry population. The *Ethiopian Herald* reported today that prisoners, pensioners, shoeblacks, porters and blind students had joined businessmen in contributing money.

It was still not enough, however. "By the force of the militia, the reactionary attacking force will be liquidated and the revolution and the life of the motherland will be led on a concrete foundation," the newspaper said.

The Western Somali Liberation Front, in Ethiopia's eastern Ogaden region, has shot down an Ethiopian military aircraft and destroyed two army vehicles in fierce fighting with government forces, the Somali national news agency reported today.

The agency said the incidents took place along the Harar to Dire Dawa highway last Wednesday. In another article on the same day 10 Ethiopian soldiers were killed.

President accepts Mr Ecevit's Cabinet

From Sina Fisek Ankara, June 21

In spite of last-minute protests from right-wing parties, President Korumur today accepted the government list submitted to him by Mr Bulent Ecevit, president of the social democratic Republican People's Party (RPP).

After meeting the President, Mr Ecevit told reporters that his first job would be to restore badly needed law and order. He thanked Mr Korumur for the trust he has shown in me by accepting my Cabinet list. I will do my best to live up to this trust.

The main right-wing parties, led by the outgoing Prime Minister, Mr Suleyman Demirel of the Justice Party, and including his former coalition partners Mr Erbakan of the National Salvation Party, and Mr Turkes of the Neo-Nazi Nationalist Action Party said in statements today that they would vote against Mr Ecevit in Parliament. To allow the formation of a government unable to get a vote of confidence would be unconstitutional, they told the President.

But Mr Ecevit appears confident he will have enough votes to trust him. He is only five seats short of an absolute majority of 226 and apparently expects some switchovers from other parties—or at least a few abstentions—now that his Government is formed.

The most striking choice is that of Professor Okcu, the youthful former Dean of the Faculty of Political Sciences at Ankara University, as Foreign Minister. Mr Okcu is now an independent, the appointments are entirely from the RPP.

Mr Ecevit has a week to prepare his programme and read it before Parliament. Debates on it and the confidence vote will follow.

The full Cabinet list is:

Prime Minister: Bulent Ecevit
Deputy Prime Minister: Sina Fisek
Minister of Foreign Affairs: Prof. Okcu
Minister of Finance: Sina Fisek
Minister of Justice: Sina Fisek
Minister of Education: Sina Fisek
Minister of Health: Sina Fisek
Minister of Labour: Sina Fisek
Minister of Agriculture: Sina Fisek
Minister of Industry: Sina Fisek
Minister of Trade: Sina Fisek
Minister of Transport: Sina Fisek
Minister of Tourism: Sina Fisek
Minister of Culture: Sina Fisek
Minister of Information: Sina Fisek
Minister of Social Services: Sina Fisek
Minister of Environment: Sina Fisek
Minister of Urban Affairs: Sina Fisek
Minister of Cooperatives: Sina Fisek
Minister of Energy: Sina Fisek
Minister of Natural Resources: Sina Fisek
Minister of Forestry: Sina Fisek
Minister of Fisheries: Sina Fisek
Minister of Livestock: Sina Fisek
Minister of Poultry: Sina Fisek
Minister of Beekeeping: Sina Fisek
Minister of Hunting: Sina Fisek
Minister of Fishing: Sina Fisek
Minister of Gardening: Sina Fisek
Minister of Agriculture: Sina Fisek
Minister of Industry: Sina Fisek
Minister of Trade: Sina Fisek
Minister of Transport: Sina Fisek
Minister of Tourism: Sina Fisek
Minister of Culture: Sina Fisek
Minister of Information: Sina Fisek
Minister of Social Services: Sina Fisek
Minister of Environment: Sina Fisek
Minister of Urban Affairs: Sina Fisek
Minister of Cooperatives: Sina Fisek
Minister of Energy: Sina Fisek
Minister of Natural Resources: Sina Fisek
Minister of Forestry: Sina Fisek
Minister of Fisheries: Sina Fisek
Minister of Livestock: Sina Fisek
Minister of Poultry: Sina Fisek
Minister of Beekeeping: Sina Fisek
Minister of Hunting: Sina Fisek
Minister of Fishing: Sina Fisek
Minister of Gardening: Sina Fisek

John Robinson, this week's guest columnist, considers the generation gap

It is a problem which is new to my particular experience, and certainly one of which I was unaware in my childhood during and immediately after the war, in a northern working class street in Gateshead. The street looked across the barrier of the old Great North Road, along which kings of medieval England marched against the Scots; into the middle-class suburb of Low Fell, where the shimmering turrets of the management house like a mirage of great promise.

I was unaware, at that time of innocence, of class differences: that is, more accurately, I was, of course, aware of the differences, but did not see how they affected me or my parents. Nor did I ever contemplate that one day, thanks to the old, now generally despised elitist system of grammar school and university, I might, with some difficulties of assimilation, move my mental position from one side of that road to the other.

I was obviously aware that at 5.30 each evening, men from our side of the road came home on the sardine packed tramcar, which stopped at the bottom of our street, with battered, workmanlike flat caps on their heads, and canvas bag slung over their shoulders; while in Valley Drive, on the other side of that road, callery managers, directors of large stores, self-employed business men, sometimes even clowns and entertainers, drove their sleek limousines, or at least their various hours in town, to their mansions, sleek Rolls-Royces and Jaguars. Nobody had a Rolls-Royce in Valley Drive, although there were Rolls-Royces in isolated mansions around the town.

I never remember any acrimony between us, who were suspended willy nilly in the Boer War—a network of streets: Baden Powell, where I lived, Kitchener, Methuen, Kipling, each with a perfectly distinct flavour, but all streets, and that other kind of mortal who dwelt in Drives and Gardens, had cherry trees, pedigree dogs,

What would the class of Baden Powell Street think of it all?

Siamese cats; guests from foreign countries, and Danish cheese.

These have indelibly remained in my mind as the true marks of the middle class. No, that kind of personal class bitterness seems to me to be not northern at all, but to belong to the south—Birmingham, Leeds, Manchester, Liverpool, and the far end of the earth, London. Remember that to the Tynesider the north does not begin until Durham.

The problem is simply this. In those early, formative years on Tyneside, we had no garden; well, not what one would call a garden. There was, it is true, a narrow strip of soil around the back window, which I cultivated with an absurd neurotic intensity of bulbs, flowers, and even a shrub or two, but for growing vegetables or gardening on a large scale, there was absolutely no scope there.

My father was, however, the blessed tenant of an allotment at a distance of some half a mile, on a piece of land owned by the local Catholic church, and it is with great pleasure, learning about peaches and vegetables, I could accompany him there. It was a place of intense agriculture: retired railwaymen, all apparently called Albert, in shiny blue serge suits, retired from wearing at chapel, with gold watches in their waistcoat pockets, smoking the foulest smelling strong tobacco and cheap pipes who, in a curious mixture of disciplines, played chess and kept pigeons.

It was also, I remember distinctly, a place of broken sheds, piles of soot, and, above all, slugs—fat, well-oiled slugs everywhere. My father considered it a waste of my education to learn to stamp on these hapless creatures (no middle class slug bait for us noble sages!). I could never stamp on a small slug which always seems a masterpiece of craftsmanship to me, and slugs—ugh!

However, after one evening's stamping I suffered a vivid, suffocating nightmare, in which the poor doomed animals, blown up giganticly, crawled, rasping their rough tongues, all over me. Conscience-stricken, I never went back to the allotment.

For playmates we had a pair of wasteground, and if the allotments were used intensively, that was nothing compared to this gable-end patch.

It was Lord's, the Oval and places south of the Equator in summer; Saint James's Park and Wembley in winter; and at all times it was a cauping ground, marbles and rounders pitch, tennis court and area of primary sexual encounter, and it did not in the least hangings on my father's horticultural activity, so economically essential to the diet of our household.

Now I live in Suffolk, in a detached house, and nice, fairly large garden, of which I am jealous and proud. I have my own cherry trees, azaleas, the lot.

But do my son and his friend, the son of the local Conservative councillor, respect my feelings on the holy nature of the soil entrusted to my care? Do they keep to the limits of their allotted playground?

The tripod lovingly erected for the support of my runner beans have become, in my absence, with the aid of blankets, the wigwams of the Sioux warriors. The lily pond is a mass of debris and marooned tadpoles, floating pathetically on abandoned toy boats: the bamboo is hacked into spears, the rhododendrons smashed in the mindless eagerness of play.

The front tyre of my venerable Jaguar has just punctured; the Siamese cat has just ominously killed the first swallow of summer; the German arrives in a fortnight, but I do not consider myself middle class because I do not like pedigree dogs (or dogs of any kind) and cannot bring myself to swallow Danish cheese.

The other day, in Ipswich, I saw a tiny garden like the one around our back window years ago. It was beautifully maintained, a delight to the eye. Looking at the tiny terraced house I wondered, someone would say surely, whether it was the work of a young boy, who might yet make the same journey as I, or was it someone who had never had the fortune to cross that old road of mine? My alternative self?

The other day I contemplated voting Conservative, which was quite a shock to me and should be a shock to the Labour Government. When I tempered it with the thought of the Liberals, but the shades of all those blue waistcoated Alberts and my own Durham grandfathers must have turned over in their heavenly allotments.

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Eight men in a boat will tackle the Antarctic

On July 19, a 62ft converted tugboat will slip out of Southampton harbour at the start of a 22-month journey that will take her eight crew members to a remote, tiny island off the Antarctic Peninsula. Smith Island is a mountainous speck on the map 250 miles south of Cape Horn, and the purpose of the expedition is to survey the island's coast and peaks, carry out meteorological and oceanic research, and make the first ascent of the 6,800ft Mount Foster.

The expedition is being led by 24-year-old Mr Simon Richardson, from Stockbridge, Hampshire, who bought the tug—which he has called *En Avant*—for £750. "I have always loved the sea," says Mr Richardson, "and I have just received the 1977 award for exploration given by the Royal Society of St George. 'I suppose you could say I was born 100 years too late.'"

His search for adventure led him to abandon a civil engineering course at London University, and he spent months working in the Mediterranean. His career in exploration began when he answered an advertisement placed in *The Times* by the explorer Mr Harold Willem

Tilman, who wanted people to join an expedition to Greenland. Mr Richardson, who was in the early months of 1976 while he was recovering from a serious accident. He had been working as a construction engineer at the Portavale oil complex, on the west coast of Scotland, and had been swept off the quay onto the steel deck of a ship that was being unloaded, shattering one ankle. He was told that he would never climb again, or walk more than a few miles.

His answer was to buy, for £750 scrap value, a steel tug in Lymington in Holland. This vessel, which had been in service for 10 years, had been used for carrying out maintenance work in 1942, and was strengthened to work in ice. The owners had taken everything of value, but there remained all the rotten superstructure and fittings to be removed.

The new owner travelled out, still in his full length of beard, carrying all his tools on his back, to take up his post. For four months worked alone clearing and stripping the boat down to the bare hull.

The boat is strengthened with 15mm steel plating on the water line and is a solidly built 18 metre tug, stronger than a conventional yacht in ice but as manoeuvrable. A 1957 two-cylinder engine has been installed with modifications to propel and shift. A 15kw generator followed, with a comprehensive range of electrical and compressed air tools and two compressors. This will enable repairs or rebuilding to be carried out in all parts of the boat.

Simply and self-sufficiency are the keywords of the whole enterprise. When *En Avant* leaves in July, she will be a self-sufficient unit designed to stay at sea for four months, that the life of the water supply—provisioned for a year and able to go anywhere in the world. The Antarctic has been chosen as a testing ground for its remoteness and bad weather conditions, and the boat will carry all the necessities for survival, not least of which will be a reliable character, and eight men of enterprise ready for any adventure.

Eleanor Bloom

Katie Stewart

Never mind the weather

The weather is not being very kind to cookery writers like myself who are longing to do something about summer food. There has hardly been a sign of summer yet. However, there are a number of seasonal ideas that taste very good whichever way the weather decides to go.

A close-textured beef loaf is made and will last up to two meals. The ingredients are modest but nevertheless you must take care with the preparation and choose for it minced beef that is as lean as you can find, because the presence of too much fat makes a mixture that crumbles and will not slice well. A grating of nutmeg in the mixture gives it a very nice flavour, and a dash of onion. The other ingredients could add a good tablespoon of finely chopped herbs like chives and parsley. Get the baking time right and your beef loaf should be just slightly moist when it is served.

Beef Loaf
Serves 6
1½ lb lean finely minced beef
1 medium onion
1½ oz dry white bread
6 tablespoons milk
1 egg
1 level teaspoon salt
Freshly milled pepper
Grated nutmeg.

Place the minced beef in a basin, add the finely chopped onion, and herbs if you choose to put them in and mix them together with a fork. If you do this a little ahead of time, the meat will have a chance to take a little extra flavour from the onion. Crumble the white bread into a basin—try to use dry bread like the end of a white loaf—and add the milk. Let the bread stand for a minute to soak up the milk, then mash with a fork to break it up. Add the soaked bread, the egg, salt, a seasoning of pepper and a good grating of nutmeg to the meat and mix together very thoroughly using the hand as the ingredients are very well blended.

The texture at this stage is important. If the beef loaf is going to be juicy and succulent the mixture must be moist, but not soft or difficult to handle. Turn the mixture out of the basin and shape into a loaf with wetted hands, patting and pressing the ingredients very firmly to get a smooth mixture that has no holes and is quite close in texture. Press into an oblong baking tin—usually use a foil loaf tin about 7in by 4in by 2in—and spread the surface with a little soft butter.

Place in a moderate oven (350 degrees F and gas 4) and bake for 1½ hours. The mixture should be nicely domed when baked and brown on top. Drain off excess fat and when quite cold you can remove the beef loaf from the container and it should slice up beautifully. You can try the same recipe making a veal loaf using minced veal instead of beef. Or a pork loaf with a mixture of minced lean pork tenderloin and beef. In either case extend the cooking time to 1½ hours; both these variations should be well cooked.

Beef loaf goes very well with sweet pickled fruits or you could serve it with water-chin slices of cucumber prepared the Scandinavian way in a sweet sour marinade of sugar, vinegar and water. Wash a cucumber then slice it as thinly as possible, with the skin left on. Salt the slices and leave them in a bowl and leave them for about 1 hour until they are floating in the juices, drawn from the slices by the salt. Drain the slices and then press dry in a cloth. In a glass serving dish mix 1 tablespoon white wine vinegar and stir in about 4 tablespoons water. Mix in a little pepper and then place the cucumber slices in the pickle. Sprinkle over a chopped parsley, you can make this advance and it's as good as any, to have when there is plenty of cold meat around.

Sweet, sour and spicy flavours are good for summer dishes, and it is the kind of flavour that is generally popular with teenagers. Here is a way of creating breast of lamb, dressed up by the New Zealand Lamb Bureau and when you think about it, it is a sensible idea to prepare breast of lamb in the same way as the American cook pork spare ribs. Both are bony cuts that can be separated into individual rib bones with just enough meat on to make them worth nibbling at. Barbecue lamb ribs have to be held in

the fingers which makes them so hard to hold, and it is a pity that could be prepared in a different way. Here is a recipe for barbecue spare ribs on the patio and passed round while other foods are cooking. Buy one or two breasts of lamb and, if you don't feel like cooking them up yourself, ask the butcher to chop or separate the bones.

Barbecue lamb ribs
Serves 6
2 breasts of lamb, cut into ribs
2 tablespoons clear honey
2 tablespoons plum jam or use apricot jam
1 tablespoon white vinegar
1 teaspoon Worcestershire sauce
1 teaspoon dry mustard
1 teaspoon tomato ketchup
Squeeze of lemon juice.

Trim the bony rib pieces cutting off any excess fat and then add them to the boiling water and vinegar and simmer for about 15 minutes. This takes away the excessive fatty taste that you sometimes get with this particular cut. Drain the lamb pieces well and spread them out in a roasting tin. Mix all the ingredients for the barbecue sauce together, heat gently to blend and pour over the lamb pieces. Cook them in a moderate oven at first (350 degrees F or gas 4) for 30 minutes. Then increase the heat to (400 degrees F or gas 6) for a further 20 minutes and the meat pieces will begin to caramelize deliciously round the edges. They should be dark and shiny with the barbecue glaze when you serve them.

These large party sized meaty quickie ribs with detachable bone, which make it easy to remove the bony bits, can be very useful and allow you to make a recipe big enough for about six servings. A quickie is easy and quick to make and, if you are not up to impress, it is the nicest. You can use salmon trimmings for a recipe like this, or a couple of (3 oz) packets of frozen sliced salmon which could be

kept handy in the freezer. Let frozen smoked salmon thaw before using it. Smoked salmon quickie Serves 6
5-6 oz shortcrust pastry
4 eggs
1 pint single cream
1 (1½ pint) carton soured cream
Salt and freshly milled pepper
6 oz sliced smoked salmon
Flakes of butter.

Roll out the pastry to a circle large enough to line a 10in flan tin—use the larger amount of pastry if you are doubtful of your ability to roll pastry thinly and evenly. Line the tin and trim the edges, prick the pastry base with a fork and then weight down the tin with a piece of crumpled kitchen foil. Bake in a moderate oven (350 degrees F or gas 4) for 10 minutes to set the pastry. Then remove the foil, reduce the heat to (350 degrees F or gas 4) and bake for a further 10 minutes to almost cook the pastry through.

Meanwhile whisk the eggs with the cream and soured cream. Season with salt and pepper and strain the mixture into a jug. Now carefully pour the egg mixture into the baked flan case. Arrange the slices of smoked salmon over the top, laying the slices flat and covering the flan as evenly as possible.

Dot with flakes of butter. Turn the oven heat right down to (225 degrees F or gas 3) and return the quiche to the oven for 40 minutes more, during which time the egg mixture should set beautifully like a custard. This is a delicate flan with a filling that contrasts beautifully with the crisp pastry crust. You can make it ahead but warm it through in a moderate oven for about 10 minutes before serving.

I would accompany this with a lively lettuce salad which has crisp snipped through—these two always look pretty together. Crisp needs plenty of washing. Shake it about in several lots of cold water to get rid of the sticky seeds and salt. Then drain and press dry in a cloth before shaking it in among the green lettuce leaves.

28 anti-nuclear protesters held in Sydney

Sydney, June 21.—Twenty-five demonstrators of the "Friends of the Earth" movement were arrested today when they stormed a wire security fence in Sydney harbour to reach a ship being loaded with uranium.

Another three were arrested last night at the site when some 100 demonstrators crashed through the fence to appeal to dockers not to load the uranium, which is to be refined in Britain.

Some of the 100 demonstrating today, after a night-long vigil, ran down a steep embankment to try to climb the fence. Scuffles broke out between the police and the demonstrators who had followed a course of 12 lectures with the uranium from the Australian Atomic Energy Commission's headquarters on the outskirts of Sydney.—Reuters.

OAS majority resisting US on human rights issue

St George's, Grenada, June 20.—The debate on human rights that Mr Cyrus Vance, the United States Secretary of State, began at the meeting here of the Organization of American States (OAS) last week is highlighting differences within the Western Hemisphere.

Washington and several other democratic regimes have called on the 25 OAS members to take a clear stand for human rights. But countries accused of practicing torture, political executions, imprisonment without trial, or suspension of constitutional guarantees are a majority within the organization and they are resisting pressure from Washington on this issue because they consider this to be interfering in their internal affairs.

The United States allies are Costa Rica, Venezuela and

New W Bengal government frees political prisoners

From Our Correspondent Calcutta, June 21

All political prisoners in West Bengal will be freed by the state's first Communist-led government which was installed in office today.

The prisoners, whose numbers are not yet known, include Nationalist (Marxist revolutionaries) one of whom, while still in jail, won a seat in last week's election to the state Assembly.

The amnesty was announced in Calcutta today by Mr Jyoti Basu, the Marxist Communist leader, after he was sworn in by Mr A. L. Das, the state's Governor, as Chief Minister.

Mr Basu was Deputy Chief Minister in two United Front governments in 1962 and 1963. He is known to be a pragmatic leader and an able administrator. Four other ministers who took office today included Dr Ashoke Mitra, as Finance Minister. He was once chief

economic adviser to Mrs Indira Gandhi's Government in Delhi but resigned over policy differences. He was a visiting professor at Sussex University during the emergency.

The Government has been formed by the leftist front of five parties led by the Communist Party of India (Marxist). The party alone commands a majority with 178 of the 294 seats in the Assembly.

Mr Basu told the crowds watching his swearing in ceremony on the lawns of Government House that the Government will complete its five-year term.

Delhi, June 21.—The other minister sworn in in Calcutta today were: Mr Krishna Pada Choudhury, Minister of Industries; Dr Kanti Bhattacharya, of the Forward Block; and Mr Jatin Chakravarty, of the Revolutionary Socialist Party.—Agence France-Presse.

Seoul to spend £235m on arms industry

Seoul, June 21.—President Park Chung Hee of South Korea today proposed that the country should spend more than \$400m (some £235m) in building up its arms industry, in preparation for the planned withdrawal of United States troops.

He presented a supplementary finance Bill to the National Assembly providing for extra expenditure equivalent to \$439m, most of it on arms and supporting industries.

The proposed allocation, which represents a 7.9 per cent increase in the national budget for 1977, will be financed by increased domestic taxes, defence surtaxes and a revenue surplus held over from last year.—Reuters.

Japanese stung by whaling accusations

Canberra, June 21.—Members of the scientific committee of the International Whaling Commission attacked the Japanese delegation here today for using scientific permits to kill whales for their products rather than for scientific research. The commission again refused to allow journalists to attend the meeting, but delegates said later there had been angry exchanges over the Japanese issue.

Members of the scientific committee are reported to have asked Japan to provide the meeting with information it had derived from the sei whales it had killed under the "scientific permits" scheme.

As tempers rose, Señor For-

ton-Gouin, the Panama commissioner, asked the Japanese delegation to provide information on the whaling industry. The Japanese delegation, however, refused to provide the information.

Mr K. Yonezawa, the Japanese leader, is reported to have replied heatedly: "Mr Chairman, I do not have to answer such an insulting question."

According to the Greenpeace Foundation, a Canadian conservationists' body, Japanese whaling firms are organizing subsidiary companies outside Japan to avoid the commission's regulations on the size of catches.

Mr Michael McConigle, a Greenpeace delegate, said the Japanese were setting up companies in Tonga and Sri Lanka to bolster existing operations in Peru, Chile, Brazil and South Korea. Some of the

nations in which the Japanese yearn to be setting up their subsidiary companies had not subscribed to the whaling agreement and were not bound by its quotas.

Commission sources said the member nations were considering the scientific committee's recommendations on the next year's quotas and discussion was described as "heavy going". The sources said there was strong opposition from the Japanese and Soviet delegations to the main recommendation on the North Pacific sperm whales.

The scientific committee has recommended that for next year male sperm whales should be protected totally in the North Pacific and a quota of only 763 females should be allowed.

—Agence France-Presse.

ENTERTAINMENT

Where watching the light of night on the London Palladium stage

OPERA & BALLETS

COLLEGIUM OF THE ARTS: (1) The first of the three operas in the series, *Die Walküre*, will be performed on June 23 at 7.30 p.m. (2) The second opera, *Die Valkyrie*, will be performed on June 24 at 7.30 p.m. (3) The third opera, *Die Götterdämmerung*, will be performed on June 25 at 7.30 p.m. Tickets: £1.50, £1.00, £0.50, £0.25, £0.10, £0.05. Box office: 01-433 1070.

ROYAL FESTIVAL HALL, London: (1) *Die Walküre*, June 23 at 7.30 p.m. (2) *Die Valkyrie*, June 24 at 7.30 p.m. (3) *Die Götterdämmerung*, June 25 at 7.30 p.m. Tickets: £1.50, £1.00, £0.50, £0.25, £0.10, £0.05. Box office: 01-433 1070.

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Golf
England can
take off
in first flight
this time

Professor Bobble told me that the plan was to make random tests in the early classes, and to use the results to make the stages of the championship. But Larivest, backed up by the team manager Ronald Brown, has refused to have blood tests performed on his horses.

"Don't get me wrong—anyone who's clear and isn't worried about dope tests," he told me, "as given it is not right when a horse has his best to stick a needle in his arm and let some of his blood away. If he wins 50 international competitions during a career, he loses 50 samples of himself, and quite willing to have his blood taken, does he not? Why do they take my horses' blood,"

Butler. Finally, he said: "The French have the best promoter, the manager, the promoters, there are a great bunch of people and I admire their sense of fair play. I don't think it is a genuine pleasure to visit there."

"Sometimes I would want to live there. When you knock out their fragor, they behave like gentlemen and they don't throw things at you in retaliation. They even wait for you to come out of the dressing room to congratulate you. This is unbelievable experience and I want to go back to London."

"So be it," added Palmino, "promoter Micki Duff will put me against Jose Phippo Cuevas [the World Boxing Association's champion from Mexico] so that we can have a number one."

—Agence France Press

1710 barn saved
A threshing barn built about 1710 which was in disrepair in the Cambridgeshire Fens has been moved piece by piece to reconstruction on the East Anglian showground at Peterborough.

مکتبہ اسلامیہ

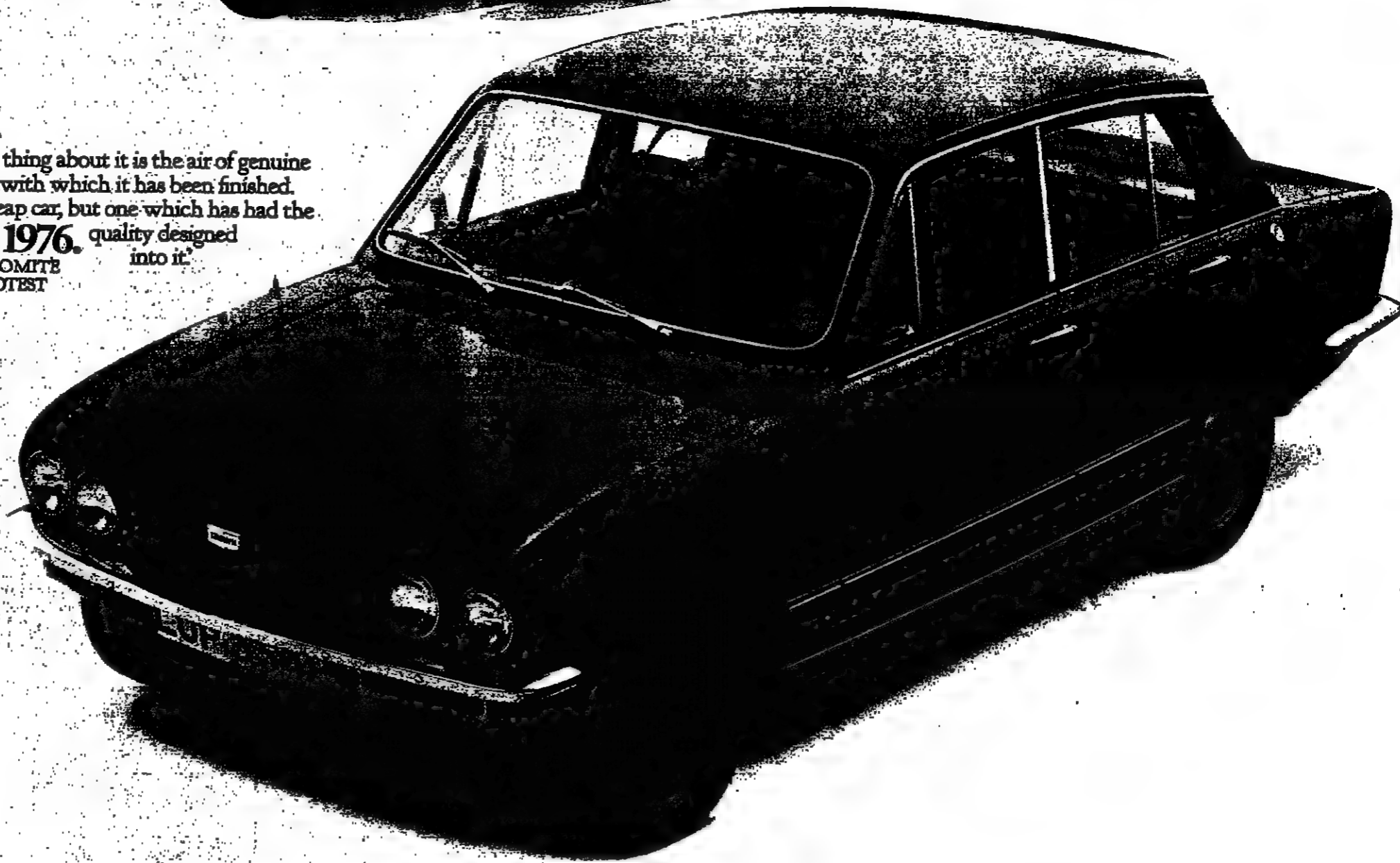


'...for some considerable time past the Triumph Company have been building cars which combine a smart and distinctive appearance and a complete range of equipment with performance of an exceptional kind. General detail work and interior finish are carried out in a very pleasing fashion, distinguishing this as a practical car of quality.'

Autocar 1938.
TRIUMPH DOLOMITE
ROYAL SALOON ROAD TEST

'...the most impressive thing about it is the air of genuine quality and the care with which it has been finished. It is not a dolled-up cheap car, but one which has had the quality designed into it.'

Autocar 1976.
TRIUMPH DOLOMITE
1500HL AUTOTEST



It's good to see that Autocar's standards haven't declined over the years.

Using the quotations from motoring magazines to sell cars is as old as motoring magazines themselves.

And Autocar was first published in 1895.

But you can learn a lot about a particular make of car by comparing road tests down through the years.

The two reviews above are separated by nearly forty years, and yet they're both saying essentially the same thing. They're even using much the same words.

The 1938 Triumph Dolomite was impressive for the quality of its finish and the range of its equipment.

The modern Triumph Dolomite is similarly praised. (With 35 'extras' fitted as standard, it's hardly surprising).

But the most significant word the two reports have in common, we modestly submit, is the word 'Quality.'

In fact, the more recent Autocar report concludes with the following words:

'The appeal of the Dolomite, its air of quality without the drawbacks—for many buyers—of excessive size and unnecessary performance, is obvious and should stand it in good stead.'

If the Autocar road test in the year 2016 is equally as flattering, they will have proved themselves right yet again.



Dolomite. A triumph of British engineering.  **Triumph** 

From Leyland Cars. With Supercover.

TRIUMPH DOLOMITE PRICES RANGE FROM £2640-69 FOR THE DOLOMITE 1300 TO £4421-43 FOR THE DOLOMITE SPRINT. PRICES INCLUDE INERTIA REEL SEAT BELTS, CAR TAX AND VAT, DELIVERY AND NUMBER PLATES EXTRA.



It is not too much to say that this was a battle for the souls of men

Britain and the dilemma over the Cruise missile

Henry Stanhope
Defence Correspondent

Fundamentally, British attitudes up to the end of the war, and for a period beyond it, derived from a historical perspective, a point of view. The war was seen as a symptom of a human rather than a material development. It was a historical process, and it had led to social disaster, and it was assumed that for the future two main lines of attack were the moral and the material. Consequently the job of re-education would be to examine historical causes and to show that the ethnic had gone wrong, since, of course, it was assumed that the Germans would agree that National Socialism was a lunatic inferior.

To most Germans at the end of the war the British viewpoint was a new one.

And Colonel Faulk makes it

It was this group psychology and group identification that the re-education programme had to attack, and it rapidly became clear that a frontal assault, an attempt to induce by repetition, such attitudes, had no hope of success. Only as new attitudes evolved among the PoWs could any progress be made, and it was the task of the re-educators to discover and encourage the new attitudes. It was clear that minority of the prisoners (about as many as the genuinely convinced Nazis) whose moral consciousness had not atrophied and who explicitly recognized Nazism as evil. The psychologists, on the other hand, were observing themselves (quite correctly in most cases) to be without personal responsibility for Nazi crimes, were not constantly faced with an attitude that insisted on imposing guilt on them, can hardly be exaggerated; it was only a minority who were so few suicides or complete mental breakdowns among them, and not at all surprising that the psychological resistance to re-education was so strong among people who were, for the most part, ordinarily decent human beings.

The very fact of the German defeat provided the solvent that was to eat away at the bonds tying the PoWs to their Nazi-instilled group identification. But the breaking of the bonds was not enough; men who were used to a rigid discipline and a close society with National Socialism and Hitler did not could not automatically

The individual character was normal, the group motivation false. The outside world controlled the individual on the basis of the group ideas. Hence the paradox that, among the young Nazis judged as the most "normal" and "least" detested by humanity, were some of the best human beings in a humanitarian sense.

These are, no-doubt, conclusions for a Polish reader. The "group-resistance" and "role-reversal" requested to get the most out of this remarkable book is substantial, and the "group-resistance" to much of the story is tellingly well expressed as the argument is presented. Yet there is great comfort in it, even in such an unkind as the author's conclusions on Nazism derived from his work among the German POWs:

The evidence of the POW camps offered no support for the theory that prejudice originates in, and is reinforced by, contact with a particular kind of character. It was rather the over-emphasis of the exclusive group character, the exclusion of a certain temperament, especially those lacking in sympathy, an opportunity to repair a personal lack of security.

When Kristianson ceased to look for differences between the POWs and the British civilians among whom they lived (and, to a considerable extent,

Nonetheless it has been successful. The object has been attained. The knowledge of the enormous debt that the civilization of the West owes to Germany blotted out the contention that we Germans should be forcibly re-educated. We had something to learn. But we were obliged to accept the role of passive pupils. But the deeper intention, re-adjustment and change of attitude, has been achieved, even though goal was not reached by method. It was never intended, as though by the back door. But re-education is there.

© Times Newspapers Ltd 1977

City of the South

disaster could be guaranteed. All this must wait for the committee's report. Nor was the Government disturbed by the opposition to the whims of a "union government" that has been expressed by many bodies, including the Bar Association and the National Union of students' organizations. He was sure there were not representative, and there was broad support for the scheme through out the population.

The food shortage had been extremely serious. But the cause was not now past and the general said. The cause had been two years of exceptional droughts. The rains had now come, and crops were beginning to be harvested. Some middlemen—or, more often, middlemen—were hoarding the grain, shortages, and the whole thing had added to inflation and caused real hardship.

However, the Government had learnt lessons from the lean period, particularly about the need for more irrigation schemes.

But it was the huge amounts of overseas capital, from world

Rich pickings

So, the Watergate Special Prosecutor's office is finally closing down and its files are now mere archive fodder.

The New York Times has been trying to work out how much money has been made out of the scandal by the principal actors, writers, lawyers et al. It comes up with the staggering provisional total of \$100 million (about £38 million).

Former President Nixon's share is estimated at \$1,500,000, from his memoirs and the Frost interviews. Woodward and



Over-reaction is a fashionable word taken in Pontefract by Mr Emlyn

It is hoped that 12 months hence in the French capital the "Congrès" (as it is quaintly called) will lead to the setting up (and I quote) "of the mechanics which will establish economic and political understanding in such a way as to maintain a better balance between production and consumption". And still no one has consulted the cow.

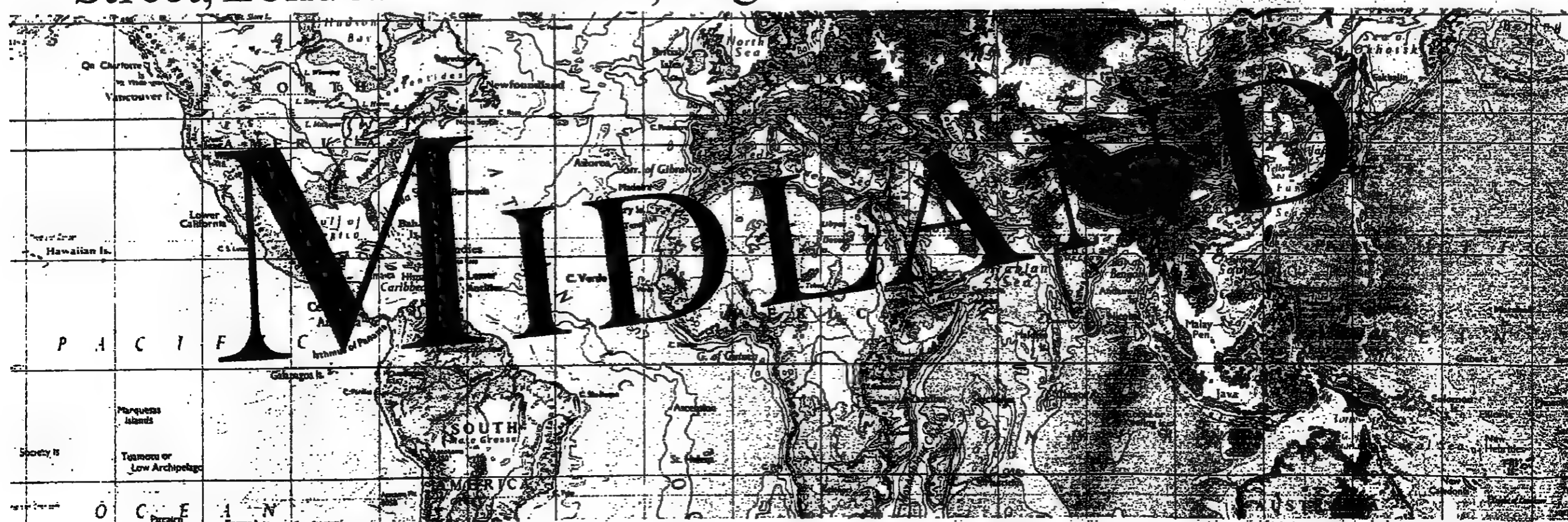


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Delivers.

ACCOUNT DAYS : Dealings Began, June 13. Dealings End, June 24. \$ Contango Day, June 27. Settlement Day, July 5.
\$ Forward bargains are permitted on two previous days.

§ Forward bargains are permitted on two previous days.

•

Unions to seek NEB support for telecommunications industry

By R. W. Shakespeare

Union leaders are to call on the Government to set up a single telecommunications manufacturing company, with involvement by the National Enterprise Board, to ensure the long-term viability of the British industry.

This demand results from a motion carried unanimously by delegates to the annual conference of the Confederation of Shipbuilding and Engineering Unions in Scarborough yesterday.

The vote came after Mr Roy Sanderson, the national industrial officer of the electricians and plumbers' union, had told the delegates, who represent some three million workers in 19 unions, that since 1974 the economic recession and the increase in telephone charges had led to cutbacks by the Post Office. These had meant the loss of more than 10,000 jobs in

the telecommunications industry. He said that further cuts of £220m would mean the loss of four main manufacturing companies and another 5,000 jobs in supply industries over the next three to four years. These jobs were mostly in the development areas, he said.

Mr Sanderson blamed the crisis in the industry, which he said could lead to its eventual liquidation, on the policies of the companies and the Post Office in insisting on a telecommunications system that no other country would buy.

This meant that an industry which had once been the leading exporter in its field was now one of the worst performers in overseas markets, and had led to an overdependence on orders by the British Post Office.

The solution, Mr Sanderson said, must be Government intervention to ensure that there

was a single and viable company manufacturing the right system of telecommunications equipment. This solution had to come quickly. He personally would like to see full nationalization of the industry, but he realized that the possible solution probably lay in NEB involvement.

Mr Ken Baker, industrial officer of the General & Municipal Workers Union who supported the motion, said it was a tragedy that most of the jobs due to be lost in firms like Plessey, were in areas such as Liverpool and Sunderland where alternative employment was not available.

He also condemned the other telecommunications manufacturing companies for insisting that if a Post Office move temporarily to prevent some redundancies by renewing orders was made the orders must be shared among them rather than going to the area where the need was most urgent.

Ford strike continues after failure of talks on lay-off pay

By Christopher Thomas

Labour Reporter

The crippling strike at Ford is to continue after peace talks failed yesterday. All production has stopped at the Dagenham car plant and the Transit van production line at Southampton. Production of heavy trucks at Langley, Buckinghamshire, has been halted.

The strike, which began in the Dagenham body plant after a man was disciplined for not using a piece of equipment properly, has made 16,000 men idle. The showroom value of lost cars is £17m.

But the dispute now centres on a demand for men to be paid if they are laid off through disputes originating inside Ford. Convoys are demanding a "bridging" agreement on the claim before it is discussed at national level talks on July 15 in London.

Those talks are over a new annual agreement for 58,000 hourly-paid workers to operate from October 21. Apart from lay-off pay, the unions will be seeking a 15 per cent pay rise, a 37½ hour working week as a first step towards a 35 hour week, and payment of full shift allowances during holidays.

At present, workers get 80 per cent of normal basic pay if they are laid off for external reasons. The issue has several times in the past caused severe disruption because of industrial action.

Nine full-time union officials from the transport workers, the engineers and the general and municipal workers met the management for nearly four hours yesterday and will meet again today. They had five hours of talks on Monday. The company has remained resolute that it will not concede pay to men laid off because of internal disputes.

Mr Sidney Haraway, chairman of the shop stewards' committee in the body plant, said yesterday that the company should have used the agreed grievance machinery before disciplining Mr Otunji (BBA) Taylor with a three-day suspension.

He added: "Our claim now is that we should have an assurance of no lay-offs until the national negotiations take place, when we will be claiming 80 per cent key-off pay."

Halewood hopes: Car production continued normally yesterday at the £98m Ford factory at Halewood, Liverpool, which has so far not been affected by the strikes and lay-offs which have brought the Dagenham plant to a standstill.

A management spokesman said yesterday that while they were reviewing the position on a day-to-day basis, they hoped to be able to carry on at least until the end of the week.

He said the trouble would come from the drawing of components from other plants.

Cable and Wireless in Far East venture

Cable and Wireless will purchase up to £10m worth of capacity in a submarine cable system linking the Philippines and Singapore, the company announced yesterday.

The project has been launched by the Eastern Telecommunications Philippines Incorporated (ETPI) and Telecommunications Authority of Singapore as nominated agents

of their respective governments. A 40 per cent share in ETPI is held by Cable and Wireless.

The cable will be the first link between two countries in the Asian group of nations—Philippines, Singapore, Indonesia, Malaysia and Thailand.

Commercial service is expected before January 1979. Capacity will be up to 1,380 circuits for all types of telecommunication traffic including

telephone, telegraph, telex and data.

The undersea cable will span 1,500 nautical miles across the south China Sea between the Currimao cable station in north Luzon and the Katong cable station in Singapore.

Survey of the route was by the Cable and Wireless ship Recorder, and laying of the cable will be carried out by the company's new ship,

UK construction work fell by 10 pc in last quarter

Provisional figures show that in April the value of construction work in Great Britain was £647m. Seasonally adjusted this means that the level for the three months February to April was 10 per cent lower than in the previous quarter and 23 per cent lower than in the February to April period last year.

New orders in the public housing sector in the quarter fell by 10 per cent on the previous three months and by 43 per cent against the figure for February to April, 1976. For the same comparative periods, orders in the private housing sector were unchanged and 24 per cent lower, respectively.

Spirit sales hit

Despite signs of a sharp recovery in sales of vermouth, wine and spirit sales are still depressed, according to the Wine and Spirit Association. Consumption of rum, brandy and liquors was particularly badly hit during the first quarter of this year, all sales

In brief

being down more than 20 per cent against the same period last year.

Japan eases controls

Japan's Ministry of International Trade and Industry (MITI) said today it would revise regulations to simplify some import trade control procedures by the end of July. Import reports will be eliminated for cargoes valued under \$3,000 (£1,764) in cases which do not require import licences issued by foreign exchange banks.

£3.5m dye plant opens

A dye plant costing £3.5m was opened by Yorkshire Chemicals at Leeds yesterday, bringing the company's investment in new buildings and plant at its two Leeds factories to £6.25m in the past four years.

Frankfurt bank may face £80m damages claim

From Peter Norman

Bonn, June 21

Hessische Landesbank Girozentrale may have to face a suit for damages totalling 345m Swiss francs (£80.23m) arising from the closure in October, 1974, of the Geneva-based Banque de Crédit International (BCI).

The bank disclosed in Frankfurt today that it had been asked to send a representative to Geneva at the end of July to testify before a judicial hearing organized to determine whether there are grounds for a damages claim.

It is being called at the instigation of the liquidators of BCI, in which the Hessische Landesbank once had a stake of 36.4 per cent. The 345m francs in question is the amount that would be needed to meet in full the claims of BCI's creditors.

It has been alleged that the Hessische Landesbank helped to precipitate the collapse of the Geneva-based bank when it

handed back its stake to Mr Tibor Rosenbaum, BCI's majority shareholder, the day before the bank closed. Despite repeated denials from Hessische Landesbank, it has also been alleged that it said it would guarantee BCI's activities.

Hessische Landesbank said today that it would send a representative to the hearing, but that this in no way prejudiced its standpoint that there were no outstanding claims against it arising from the former BCI involvement.

The hearing at the end of July could find that there is no case to answer, but it could pave the way for a formal damages suit by the BCI liquidators against the bank, which has made no provision for eventual losses arising out of the dispute.

It has been successful in two court cases in Frankfurt where former customers of BCI tried to extract damages in respect of losses incurred through the closure of the Geneva bank.

Industrial groups meet ministers

By Our Industrial Editor

The Prime Minister, supported by the Chancellor and other ministers, will today hold the first of his two meetings with members of the sector working parties engaged in developing Britain's strategy for reforming manufacturing industry.

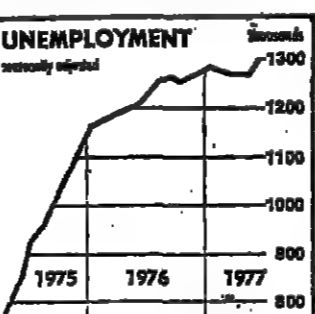
About 90 per cent of time available at the talks, being held at Lancaster House, London, will be allocated to the businessmen and trade union representatives for a fairly free-ranging review of their work.

Leaders from the CBI and the TUC as well as leading civil servants have been invited, along with chairmen of some of the 40 working parties.

Mr Callaghan expressed a wish at the February meeting of the National Economic Development Council to meet people engaged in the detail of the industrial strategy, so that they could put their various ideas and complaints direct to Cabinet ministers and others.

A rough agenda has been prepared, covering such subjects as raising export performance and the scope for import substitution, plus investment and productivity issues. Suggestions on how to relate the strategy to individual company planning are being invited, too.

Two people who will be absent from today's talks will be Mr Varley, Secretary of State for Industry, and Lord Ryder, chairman of the NEB. But the Prime Minister has stressed that the main purpose is for working party members to brief him, for they already have close links with Mr Varley and the NEB, and there are some subjects which many need airing which go beyond normal departmental boundaries.



UNEMPLOYMENT

The following are the monthly figures for Great Britain released by the Department of Employment yesterday:

	Total	Seasonally adjusted	Adult	Adult
	000s	000s	000s	000s
1976				
June	1,278	1,210	5.3	114
July	1,402	1,237	5.4	117
Aug	1,440	1,256	5.5	124
Sept	1,395	1,286	5.5	124
Oct	1,321	1,256	5.5	123
Nov	1,316†	1,273†	5.5†	†
Dec 1977				
Jan	1,390	1,285	5.8	†
Feb	1,365	1,278	5.5	149
March	1,328	1,268	5.5	158
April	1,336	1,289	5.5	157
May	1,286	1,262	5.5	160
June	1,390	1,298	5.8	156

† Excluding school leavers.
‡ Estimates.

REGIONAL UNEMPLOYMENT

The following are the monthly regional unemployment figures, seasonally adjusted excluding school leavers, released by the Department of Employment yesterday:

	Number	Change % of all on-month figures
SE East	319,400	+0.50 4.9
E Anglia	36,400	+1.00 5.1
SW West	103,600	+0.90 5.5
W Midlands	102,800	+1.20 5.3
E Midlands	73,100	+0.90 4.8
Yorkshire/H Side	107,900	+0.90 5.2
N West	101,800	+0.90 5.2
North	101,800	+0.90 5.2
Wales	77,600	+0.80 7.4
Scotland	102,800	+0.90 7.7
Great Britain	1,297,700	+0.90 5.0
Ireland	55,100	+1.30 10.4
UK	1,352,800	+0.90 5.7

BRIXTON

ANNUAL REPORT 1976

	1976	1975
Net Rental Income	£4,525,000	£3,909,000
Pre Tax Profit	£1,990,000	£1,628,000
Value of Investment Properties	£83,796,000	£72,240,000
Earnings per Share	3.42p	2.89p

■ Maximum permissible increase in dividend recommended.

■ 1 for 10 Bonus Issue proposed.

■ Surplus of £4,920,000 from revaluation.

■ Funds available to finance all current commitments and undertake further developments where suitable opportunities arise.

Copies of the Report and Accounts for 1976 may be obtained from the Company Secretary, 22-24 Ely Place, London EC1N 6TQ.

Brixton Estate

International investors in commercial property

LETTERS TO THE EDITOR

Safety and the transport of dangerous sea cargoes

From Mrs Elizabeth Young

Sir, The article by Marcel Ber-

lins (May 23) published to coincide with the opening of the current session of the United Nations Conference on the Law of the Sea (UNCLOS) III very justifiably concentrated on the problems the conference faces over arrangements to regulate deep sea mining.

There is one problem he didn't mention but which—unlike the profitable exploitation of ferro-manganese nodules—is already upon us, and that is the enormous increase in the transport of liquefied natural gas (LNG). This is an extremely peculiar dangerous cargo which, to be transported at all, has to be kept under pressure at a temperature of minus 161°C.

International trade in LNG is about to increase almost vertically on the graph, but in our highly congested territorial waters, vessels carrying it will enjoy the right of "innocent passage" and, through the Dover Strait, probably wider rights still of "free transit". These rights will perhaps be mitigated, but only a little, when the Dover Strait maritime traffic system comes into full effect; if a flag state

chooses to do nothing to discipline its ships, they may well remain undisciplined even where traffic schemes are in operation.

In time, there will be second and third-hand LNG carriers, some flying an irresponsible flag, some navigating at night by the legendary "dog-ear" trained-to-bark, each asking for an accident to happen to it—accidents, beside which oil-tanker accidents are bread and butter.

The UNCLOS negotiating text needs amending so that vessels carrying dangerous cargoes (the anti-dumping conventions list some of them) may enjoy the rights of innocent passage (and of free transit through international straits) only when they can identify themselves as observing all the relevant International Maritime Convention regulations. Mr Lister is to attend the conference next week as the Government's special representative; perhaps he may take the opportunity to discuss this matter with his colleagues in New York.

ETHEL BATH YOUNG
100 Baywater Road,
London W2 3BJ.

National Exhibition charges

From Mr R. L. Best

Sir, In Business Diary 15), reference was made to National Exhibition Centre

the demand for space such that they are looking at ways of expanding the 1,000,000 sq ft of space.

The priority of the new executive when applied should be to closely examine ways of avoiding dramatic increases in charges to organisers of exhibitions.

BREMA explains their decision to cancel '78 Sight Sound Exhibition, on the increase of 140 per cent between 1976 and 1978—an increase which could not be absorbed after a major cost increase. Is this cancellation the first of many? I think organisers will find that the increased charges, through to the exhibitors, will reduce their participation substantially.

The management of the most surely realise that in some areas a medium which goes with the trade national press and the means by which companies promote their products and vices and if exhibitions are to use other ways of open their marketing money.

Why is it that after only 16 months, are posing such a dramatic increase in charges? After all, the project on its own is of services in liaison with those provided other halls, in particular, I Court and Olympia.

The way things are going could well be that we will see a Baris Court and Olympia for many decades and a vanguard in Birmingham.

Yours faithfully,
R. L. BEST,
Head of Industrial Services
The Incorporated Society
British Advertisers Limited
2-Bell Street
London SW9 1AG,
June 16.

Economics of coin box refund

From Mr N. M. Hall

Sir, Perhaps the Post Office should set the example savings called for by Mr W. borough (June 14).

The intricate system of box refunds for calls which from public call boxes is in point. When a call accepts a 10p piece and for any reason to connect, the operator rather reconnect you will ask for name and address so that 10p can be refunded by in point. When a call accepts a 10p piece and for any reason to connect, the operator rather reconnect you will ask for name and address so that 10p can be refunded by in point. When a call accepts a 10p piece and for any reason to connect, the operator rather reconnect you will ask for name and address so that 10p can be refunded by in point.

Minster Insurance Group

Summary of 1976 Consolidated Results and Points from the Statement by the Chairman Mr. Donald S. Pearce

- * Record pre-tax profit of £5,466,982.
- * Premium Income increased to £42,087,855.
- * Book value of total free reserves £16,038,670.
- * Taking into consideration the market value of quoted investments the free reserves would have exceeded £17,500,000.
- * In co-operation with our French colleagues of GAN we have already made good progress in the development of our non-motor United Kingdom business and also in expanding our operations overseas.
- * New Underwriting Room for Fire and Accident opened to improve service to Lloyd's Brokers.
- * Continued progress is expected in all branches in 1977.

Consolidated Results and Balance Sheet

	1976	1975
	£'000	£'000
Premium Income	42,087	34,175
Profit before Tax	5,466	3,735
Total Assets	87,782	70,733
Book value of free reserves	16,038	11,275

Minster Insurance Co. Ltd.,
Minster House, Arthur Street,
London EC4R 9BJ.

Malvern Insurance Co. Ltd.,
Minster House, Arthur Street,
London EC4R 9BJ.

The Contingency Insurance Co. Ltd.,
Minster House, Arthur Street,
London EC4R 9BJ.

The National Motor and Accident Insurance Co. Ltd.,
109 Princess Street, Manchester M60 1HL.

BY THE FINANCIAL EDITOR

Talk of balloting BP subscriptions

It's offer of BP shares by the Bank of England and the lead under-lyndicate dared hope. By mid-day some 1,200,000 prospectuses had been distributed. While this may not be an accurate reflection of demand, it will turn out to be an accurate reflection of demand.

debate now is whether counting, which is on present plans to be by the Bank of England's allotment (with, of course, guidelines from the Post Office), will turn out to be an accurate reflection of demand.

those who have been allowed to preferential consideration—al pension funds, BP employees and underwriters (the latter alone asked for 42 per cent of the offer)—is that after the Americans have their 25 per cent of the issue, the Bank's committee will parcel out a scaled down basis to preferential and small investors. So, even for the fact that the institutions had some share through the under-lyndicate, some large institutional as will not be anywhere near fully

r, the alternative of a ballot would that problem and would also cause both in the American market because the Stock Exchange forced to suspend BP dealings in place. As such, it is an alternative likely to be rejected however it may look to the Bank's hard-lyndicate committee.

ing ideas of and force'

believe that a further diminution of competition is going to advance this country. Thus Clark, chairman and chief executive of Plessey, the largest individual of the United Kingdom electronics, voiced his bitter disapproval of any suggested government nationalization or regrouping of under its industrial strategy. It seems that Plessey has set itself a goal of a "second force" British

d in a duller climate

t sentiment about the brewers is a ever bedevilled by that complacency of political and economic which seem to plague the industry. It is the worst case of the id really harm future levels of ty in such a volume sensitive

rices are largely discounting now Commission's investigation of beer ally on the view that any extended old so damage all those lavish vestment plans while any short- could be comfortably ridden by after its frequent price increases past year.

le political concern is dying down, growing nerves that the sector as will not be able to maintain the n the back of the past two excep- tions while the continuing 1 of the larger market, which has ders for Bass and Guinness in most slow down soon.

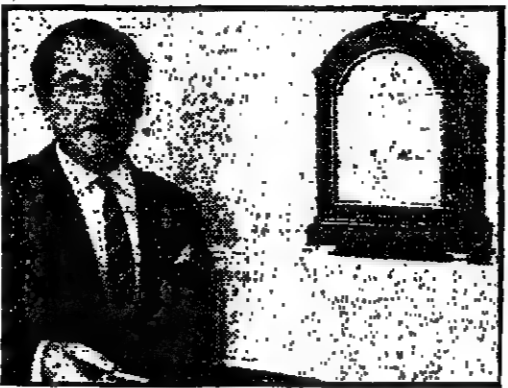
the results have been good produce a slight lift in the market rewers' poor performance relative quity sectors over the last year. moment, price rises of around a ter the past year have kept brew- ahead of the game. Not only has ed them to offset cost pressures

electrical company as envisaged by Rascal Electronics.

Nevertheless, there are reasons for thinking that this seemingly immovable stance could yield to the course of events over the next two or three years. One reason is encapsulated in Plessey's final figures which show that the group managed to keep profit moving along at an admirable 20 per cent growth rate in the final quarter despite the cumulative effects of the Post Office cuts in orders for telecommunications equipment.

So full-year profits are 14 per cent up at £39.6m on sales up 16 per cent to £569m of which around half actually came from overseas operations. But the visible scars of the Post Office cutbacks show up below the tax line where a £7.7m provision out of a total £11.2m exceptional debit has been made in respect of identifiable costs "at the present time including plant closures and redundant payments."

With an order book of £600m—£311m of it from overseas—and a significant switch



Sir John Clark, chairman and chief executive of Plessey.

in products mix particularly towards electronic systems, Plessey looks well-placed to steadily out of the doldrums of the past few years, though it is worth noting that its growth on the long-term systems side has in the past been financed from high cash flow provided by telecommunications and components.

So cutbacks like those forced on Plessey by the Post Office could jeopardize the group's attempts to move into the big league of world electronics via its complete systems operations as in the case of the massive micro-wave aircraft landing project for which Plessey is currently vying.

Alternatives could be for Plessey to acquire a cash-generator or to be taken over by a group with strong cash resources. In this respect it is known that Plessey looked at the possibility of a link-up with Thorn some time ago.

Plessey's shares closed unmoved last night at 78p where they remain the income stock of the sector yielding 9.6 per cent on a p/e ratio of around 12.

The new Spanish Government headed by Premier Adolfo Suárez is expected to give high priority to solving Spain's critical economic problems—provided the opposition parties will let it.

Before last week's general election, as the head of the second post-Franco government, Señor Suárez had put off any attempt to sort out the economy in order to dedicate his attention to pressing political matters as he led his country towards democracy.

But further procrastination could be disastrous. With a foreign debt which could amount to \$14,000m by the year's end, gloomy export prospects, inflation running at 23 per cent according to official figures and 33 per cent according to reliable unofficial estimates, one million unemployed and investments suffering from financial anarchy, the country is in need of sound remedies—and quickly.

The electoral programme of Señor Suárez's victorious political movement, the Centre Democratic Union (UCD), calls

Now Spain must look to its economy

for cutting inflation by half by next July and bringing it within the average of members of the European Economic Community by the end of another year.

To do this the UCD says that it will employ a realistic monetary policy, keeping the deficit of the public sector under tight control. As for private enterprise, it says it intends to promote easier credit.

Once the owners of private businesses and industries find their situation improving, according to the movement's programme, they will be encouraged or obliged to increase their investments rather than their dividends. The programme adds, quite correctly, that the workers cannot continue to support the economic burden of rising prices which diminish their buying power.

The movement also promised to expand and improve public services and social welfare plans, investing in education, public health, housing, sport and cultural activities, transport and information. At the same time it said that it would

reduce the national debt after revising the financing of that debt.

The UCD claims that it will help to make farming more profitable and will expropriate potentially productive unused land.

To get the money it will need Señor Suárez's political movement has announced a firm attitude to income taxes, something which the Franco dictatorship and the first two governments of the monarchy never had. Tax reform, in the estimate of the UCD planners, is "one of the principal objectives... part of the political transition and the only valid instrument with which to achieve social equality... and pay due attention to the country's social needs."

The wage-price policy to which the Prime Minister is committed regards the most basic products, energy, public services and other things, and increases will be pegged exclusively to rising costs.

This part of the economic programme, probably the most essential, is the part which is expected to give Señor Suárez the most headaches. In language which avoids the nasty phrase

"wage ceilings" it seems to propose just that. Factory wages have been rising by about 25 per cent per year for several years in Spain and this increase has had an important effect on the ever-expanding wage-price spiral.

In what looks like an attempt to sugar-coat the wage control pill, the UCD promises adequate old-age pensions with frequent revisions, gradual reduction of the social security tax and better unemployment compensation.

But the country's newly legalized trade unions, still anxious to show the workers what they can do for them, will need a lot of convincing if they are to go along with any measure to keep workers from earning more.

The country's main trade union organizations are, of course, linked to the Spanish Communist Party. If Señor Suárez hopes to keep the workers on the job he may have to make ample concessions to the Left, whose combined voting power in the congress of deputies, or lower house, almost equals that of the UCD.

Harry Debelius

Industry finds new favour with graduate job-hunters

Rosemary Brown

list now looks the fullest and best for three years.

Yet, for all the cheer, the experts unanimously emphasize that this will be a difficult year for graduates. For a start, the numbers seeking employment are up by about 6,000, compared with last summer. Equally, the last year's return to the market has been a depressing as predicted—certainly provide no cause for jubilation. At the end of December, 5.5 per cent of graduates were unemployed, a further 4.5 per cent in temporary jobs.

In any case, the sudden rush of vacancies may be misleading. Tony Felix, managing director of New Opportunity Press, which publishes Go, believes that the present activity may be partly the result of employers failing to meet their initial targets and so entering the market a second time to make up the shortfall.

He explains that what appears to have been happening is that, in consequence of the unemployment figures, graduates have been chasing more openings than normal and the market is reacting to a further 4.5 per cent in temporary jobs. So companies, faced with rejections, are belatedly finding that they are below their quota intake.

Opportunities

The fact that the elite may have received six offers is no criterion for supposing that there will be jobs for all. True, there is now a resurgence of opportunities for those who have not yet been placed, but it is widely held that, when the final count is made, some appointments will remain unfilled, while at the same time some candidates will still be hunting for interviews. The market is very different from last summer's and, while new openings have materialized, many of the classic graduate avenues are effectively closed.

The most significant feature of the 1977 vacancy list is the big shift from public to private sector employment. Donald Cook, the chairman of SCOED, which represents 270 employers and (excluding teaching) accounts for half of all graduate recruitment, says that over the past two years demand from the Civil Service and local and regional authorities has been cut by half. Against this, there has been a sharp increase from industry, with manufacturing up 30 per cent this year and commerce generally showing a rise of about 20 per cent.

Among the worst affected

selling and insurance being prime examples. One explanation is that graduates are being given first crack at the jobs, in preference to school-leavers. In other words, companies are trading up.

But a more fundamental reason is that the whole concept of "the graduate career", as it existed 10 years ago, has finally disappeared. True, graduates still have the edge; but the notion that a degree is an automatic passport into an exclusive range of prestigious occupations began to be exploded during 1970 and 1971 when employment for university leavers plummeted to its lowest ebb.

'Dirty word'

The repercussions of that period partly explain why, despite the state of the economy, recruitment is so buoyant. Industry became a dirty word in student circles and three years later, when the upturn came, employers found themselves cold-shouldered as graduates high-mindedly talked about "socially worthwhile activities" and in their droves signed on with local authorities. So, as Mr Felix says, there is an element of good public relations in maintaining demand. Or, as Mr Cook prefers to put it, "in industry's taking the longer term view."

But caution alone does not account for increases of the order of 20 and 30 per cent. In certain sectors, there is a definite breeze of genuine expansion. British Leyland's target is 400 graduates (with emphasis on financial and engineering skills), as against 300 last year.

Metal Box is looking for 100 (an increase of about 30, of which a majority required are mechanical engineers and scientists. GEC is out to recruit 1,400 (200 more than 1976)—in particular, people with electronics, mathematics, physics, production and mechanical engineering degrees.

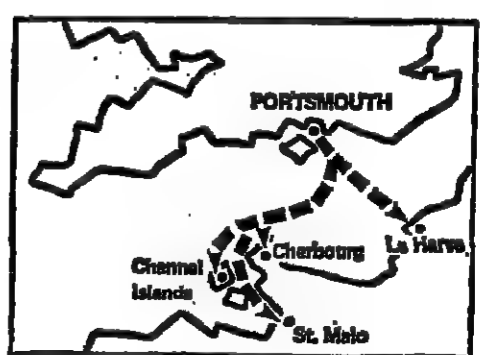
Michael Batts, GEC's personnel director, says antisocialism that the response has never been better—in terms of both quality and quantity. It is a view that is being voiced on all sides.

The general opinion, shared by employers and appointments officers alike, is that graduates are more strongly motivated and better informed. They are also investigating a wider spectrum of jobs.

But the biggest change—and perhaps the most promising for Britain—is that, to quote Mr Lloyd, "students are no longer talking about the profit motive as a dirty word. Instead they are talking about the wealth-producing sector of the economy."

New gateway to Europe

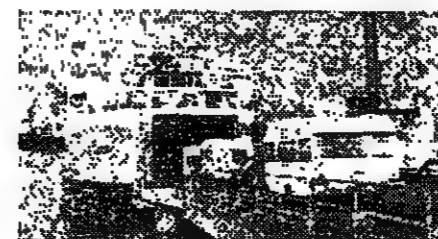
In the centre of the South Coast with extremely good communications by road, rail and sea with the rest of Britain, Portsmouth is ideally sited for cross-channel links. Regular car and passenger ferries run to St. Malo, Cherbourg and Le Havre and a new passenger route to the Channel Islands is planned.



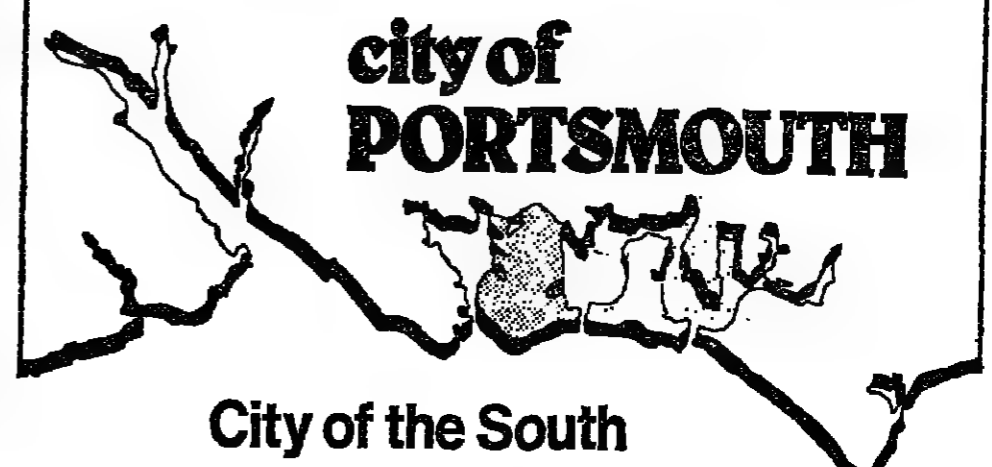
many holiday and entertainment facilities including two 18-hole golf courses whilst the museums and cultural festivals cater for all tastes.

With the growing number of visitors and the recent establishment of multi-national companies in the City, there is a need to expand the conference and hotel accommodation.

City Secretary
Civic Offices
Guildhall Square
PORTSMOUTH
Tel: (0705) 834013



Tourism in the City has grown enormously with these international links, and local businessmen and hoteliers are now welcoming many foreign shoppers and visitors. Portsmouth already has

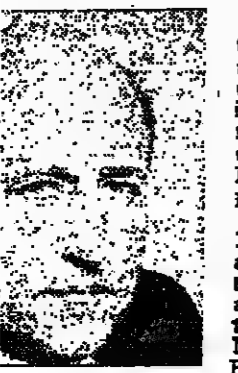


Business Diary: When all's said and Donne

David Donne, like us, the poet John,

as the Past, a rne for next years, ew leaf, but still same things reads, as he sees again, hings doth hear, his life, but like a pair of heads." Id me yesterday that g forward to moving he chairmanship of ust after the appear- ly in October, of the of industry report airs of the company a when it was con- Christopher Selmes, ombines a thriving non-executive chair- and that with buy- nall companies that be sold as larger as one of the City came in three years k up the Grendon

he is looking for- e day when he can disposed of the re- perty holdings. The o was once described



as "a pile of rubbish, amateur- ishly constructed."

Monotype, the printing firm that would be all that remained, can look forward to its own quotation one day. Then, he said, "we can close the book on a fascinating, if somewhat expensive for some, saga and go back, thankfully, to our own businesses."

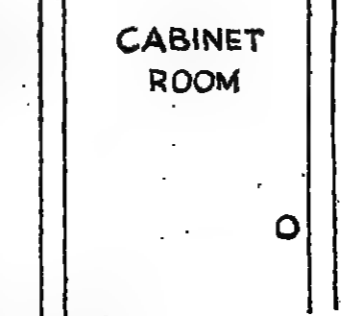
Donne has more businesses to go back to than most. Among them is one of his personal ventures, the chairmanship of sock makers Pantherella. The biggest shareholder in this is another controversial City figure, Sir Hugh Fraser. Donne has built up profits from £20,000 to £500,000 in seven years.

He is also deputy chairman of Delgaty, the merchanting group. Developments may also be expected from Donne's association with Peter Huxley in the unit-linked Property Growth Assurance, recently sold to the Phoenix. Huxley, Donne says, has moved to Switzerland, and the management of Vickers are thus having to put up and down the stairs.

The same is now happening. I hear, at The Stock Exchange, at BP's headquarters, Britnair House. It is also what I found at the offices of the Institute of Chartered Accountants in Moorgate Place, City, where I called yesterday. Luckily for me the lift was going as far as the fourth floor—my destination.

Although about half of Ois's branches throughout the country are still working, it just so happens that the City and Westminster, the two seats of power, are among the areas included in the strike.

However inconvenient the



Howland

At Millbank Tower, for instance, lifts to the 29 floors are being taken out of action one by one. Tenants of the building, among them the staffs of the National Economic Development Office, the Department of Industry and the management of Vickers are thus having to put up and down the stairs.

The same is now happening. I hear, at The Stock Exchange, at BP's headquarters, Britnair House. It is also what I found at the offices of the Institute of Chartered Accountants in Moorgate Place, City, where I called yesterday. Luckily for me the lift was going as far as the fourth floor—my destination.

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four-week shutdown must be for denizens of the City, it must be particularly galling for Harry J. Gray of Hartford, Connecticut. He is chairman and president of United Technologies Corporation (formerly United Aircraft) which acquired control of Ois last July.

In November, he proudly announced that trading in UTC shares would commence on the London Stock Exchange, after the cancellation of the Ois quote.

Walking back from the City after lunch (I prefer to walk if lunch and I are not late) I looked into the window of the Ludgate Circus branch of the Alfred Marks employment

bureau. I always take a sort of masochistic pleasure in seeing how the difference has narrowed between my balance and those employers are willing to pay secretaries. On this occasion, however, what I saw

had me on the phone to the deputy managing director, Roy Marks, as soon as I got back to the office.

What I said, about the advertisement for an audio typist offering £2,700 a year plus luncheon vouchers and "4.30 pm finish?"

I should explain that although diary writing does have its horrors, I wasn't really after the job. But I was interested by the "three per cent mortgage" that also went with it.

Granted that the branch in question is at the bottom of Fleet Street, I asked Marks whether it was all a stunt to garner some publicity? No, says he, it's "quite common as an offer to clerical staff from insurance and other financial institutions. Demand for secretaries was 'incredible'."

Employers offering such terms, I am told, usually work within building society rules which limit the loan to between two and a half and three times the employee's salary. That would mean between £6,750 and £3,100 a year in this case—which wouldn't buy you much within travelling distance of the City but is still a bargain. Unfortunately, gentle reader, mortgage relief is not yet at hand. Incredible demand or not, Marks didn't talk me into applying for the job.

Last jubilee story: Edwin Carter, managing director of the BPC subsidiary Waterlows, is presenting a commemorative dish to staff who worked over the jubilee weekend, preparing the documents for the huge BP share offer. The inscription reads: "What jubilee? I was busy making City history."

ALLIED BREWERIES LIMITED

INTERIM ANNOUNCEMENT OF PROFIT AND DIVIDEND

FOR THE 32 WEEKS ENDED 7 MAY 1977

The results for the 32 weeks ended 7 May 1977 based on unaudited figures prepared for management purposes are shown below.

	32 weeks ended 7 May 1977 £m	32 weeks ended 8 May 1976 £m	32 weeks ended 25 September 1976 £m
Turnover	668.3	503.7	885.3
Trading surplus before depreciation	59.7	45.0	90.4
Deduct: Depreciation	13.9	11.7	19.7
Trading profit	45.8	33.3	70.7
Investment income	2.8	2.6	4.0
Associated companies	1.0	0.8	2.0
Finance charges	49.6	36.7	76.7
	10.2	8.8	13.7
Profit before tax	39.4	27.9	63.0
Tax on above profit	20.1	14.5	31.1
	19.3	13.4	31.9
Minority interests	0.3	0.3	0.6
Preference dividends	0.2	0.2	0.4
Earnings from operations	18.8	12.9	30.9
Foreign currency losses	0.1	0.3	0.9
	18.7	12.6	30.0
Gains and losses arising other than from trading	1.7	1.8	3.0
Available for ordinary dividend	20.4	14.4	33.0
Ordinary dividend	6.6	5.4	17.0
Earnings per ordinary share from operations	3.58p	2.78p	6.40p

The figures for 32 weeks ended 7 May 1977 include turnover and profit before tax for the same period for Teacher (Distillers) Ltd and Embassy Hotels (Hyde Park) Ltd respectively of—

Turnover £44.3m and £2.1m
Profit before tax £2.8m and £0.4m

The turnover and profit before tax of Teacher (Distillers) Ltd for the year ended 31 January 1976 (the last published accounts) were £53.5m and £2.9m and for Embassy Hotels (Hyde Park) Ltd for the year ended 30 September 1976 were £2.2m and £0.4m.

Sales and Earnings

Trade in the 32 weeks has been firm, with a good pre-Christmas period. It is anticipated that results for the remaining 20 weeks, given reasonable conditions, should continue to show an improvement on last year although this improvement will not be at the same rate as for the first part of the year.

Interim dividend on ordinary shares

An interim ordinary dividend for the financial year ending 24 September 1977 of 1.25 (1976 1.1165) pence per share will be paid on 23 September 1977 to those shareholders whose names are on the register on 18 July 1977.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Shares still in BP shadow but gilt-edged go ahead

For the second day running, shares found little support as the big investors conserved their funds for Friday's BP issue.

Though trading was always at a minimum, there were some surprising early gains, but as the day went on most prices slipped back through lack of interest. By the close, the FT Index, plus 1.4 off at midday, was 3.2 lower at 442.0.

Berry Wiggins, due to report full-year figures tomorrow, is attracting fresh takeover talk and about 150,000 shares went through the market yesterday. After the interim slump many feel that the renegotiated Algerian drilling contract could have spurred a strong second-half rally. Profits will not match last year's £1.8m, but the optimistic would not be surprised by £1m. The shares at around 36p, are also supported by the stake in block 2845, 40 miles south of the Forties.

BP apart, the background influences are not favourable. The industrial scene appears to be at its lowest ebb for some time with names like Grunwick and Ford capturing the headlines. Further, as talks between the Government and the TUC get under way most market men would concede that an acceptable Phase Three settlement now looks unlikely with both the engineers and the transport workers poised to vote against it.

In the gilt-edged market, short rates dominated and closed up to a quarter of a point better after early falls had been reversed. The longer end followed suit with initial uncertainty being replaced by gains of around one-eighth.

Among the big industrial names, BAT Industries led the way with a rise of 3p to 260p. Bus Pilkington reacted from

the strength of the previous day, giving up 9p to 370p, and there were more typical performances from ICI, off 4p to 389p, and Unilever which lost the same amount for a close of 482p.

There was renewed speculative interest in Beaverbrook "A", which was on 31p to 47p, and United Scientific which ended up higher at 156p. Gallenkamp "A" was hit by profit-taking and shed 8p to 310p, while Fisons, with whom the company is having talks, also lost ground and closed 5p off at 348p. The low level of acceptance of the Rolls-Royce terms left Fodens a penny lower at 46p while R-R also shed a point, to 66p.

From a long list of companies reporting figures, the better known names included Plessey, unchanged at 78p after an unexciting statement, and Allied Breweries which also drew little comfort and ended at an unmoved 71p. In the financial sector, Hambros was left at 35p after final figures. After news of a £2.5m rights issue, William Baird was lowered 3p to 134p and LWT made its debut at 91p, much as expected.

The recent election stimulated a little interest in Irish issues such as McInerney which added 4p to 27p, Abbey at 27p and Brooks Watson at 30p. Investment demand—reported to be country buying—helped Newmans Tubes to close no less than 13p ahead at 118p.

In the food sector, AB Foods shed 5p to 59p after the chairman's warning on margins and an active Tate & Lyle ended 4p off at 212p.

On a generally unchanged stores pitch, such interest as there was centred on Allied Retailers which put on a couple of points to 114p.

Another to react from recent

strength was Vickers which gave up 4p to 175p, while in the mining sector sparkling figures from Selection Trust stimulated interest for a gain of 15p to 430p. The main impetus for the company comes from its stake in a North Sea gas field and dealers noted that 30 per cent of profits are now coming from North Sea interests.

Results saw tactical group Mann & Overton slip a penny to 15p in spite of strong profits. The agreed offer document from hire-purchase group Lloyds & Scottish is expected any day now.

Rolls-Royce Motors should approach Fodens this week with a higher offer, but Fodens is in no hurry to accept. Still the fact that there is little antagonism between the two sides and the prospect of an even larger gain for the institutions which came to its rescue two years ago, will weigh heavily in the scales.

A profits rise of more than 40 per cent helped Powell Duffryn to go ahead 5p to 158p and a 60 per cent jump from Electrocomp brought a gain of no less than 20p for a close of 168p. United States losses upset J. H. Fenner which slipped 6p to 117p, but Matthew Hall went ahead by a strong 4p to 158p after the chairman had confirmed that another record year is in prospect.

Oil shares gave back much of the previous day's gains with BP lowered 14p to 880p and Shell off 4p for a final figure of 542p.

Equity turnover on June 20 was £44.7m (11,303 bargains). Active stocks yesterday, according to Exchange Telegraph, were: BP, Midland Bank, BAT Dfd, GKN, Gas "A", Commercial Union, Tate & Lyle, Gallenkamp, BAT Ind, Marks & Spencer and AF Cement.

Latest results

Company	Sales £m	Profits £m	Earnings per share	Div pence	Pay date	Year's total
Int of Fin	668.3(505.7)	39.4(27.9)	3.58(2.78)	1.25(1.11)	23/9	(3.52)
Drake & Scull (I)	29.5(18.1)	0.34(0.36)	—	2.75(2.32)	29/7	—
Eldridge, Pope (I)	6.10(4.1)	0.44(0.25)	21.75(13.64)	2.48(2.25)	3/10	4.48(4.07)
Electrocomp (F)	22.8(15.8)	0.90(0.72)	5.51(4.35)	1.79(1.53)	—	2.32(2.11)
Evans Leeds (F)	1.90(1.61)	0.31(0.21)	1.47(1.05)	1.84(1.53)	—	—
Griffith Mill (I)	4.80(3.12)	0.55(0.40)	—	1.71(1.27)	1/8	4.84(4.4)
Mann Overton (I)	4.02(3.07)	13.88(9.34)	26.6(18.8)	3.05(4.39)	2/8	7.8(10.6)
Plessey (F)	583.8(490.1)	39.38(34.7)	9.44(9.24)	1.71(1.27)	2/8	16.7(15.2)
Powell Duffryn (F)	308.37(248.4)	13.88(9.34)	26.6(18.8)	3.05(4.39)	2/8	7.8(10.6)
Selection Tr (F)	144.4(73.4)	1.17(0.7)	35.2(22.3)	1.71(1.27)	2/8	3.21(2.92)
Scientific (F)	26.43(21.0)	1.82(1.15)	14.3(7.3)	1.93(1.55)	29/7	3.21(2.92)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. Profits are shown pre-tax, and earnings are net.

Second-half upsurge sparks E' components

By Victor Fehstead

In spite of depressed conditions in the domestic economy, E' components, Britain's biggest electronic components distributor, keeps marching on. Since going public in 1967, it has had the enviable record of uninterrupted growth. The latest 12 months to March 31 last were no exception.

With a 104 per cent jump in the second half-year, compared with the same period, the year's pre-tax profits rose by 53 per cent to £4.53m, the first time £4m has been topped. Sales, after customers' bonus, were up by 53 per cent to £13.24m in the last half and by 44.1 per cent to £22.84m for the full year.

A maximum-permitted final dividend of 3.83p gross is being paid, against 3.47p last time, based on the present advance corporation tax rate of 85 per cent. Should the rate be reduced in good time, the dividend will be "appropriately" increased. If the final is not raised, the total gross payment for the year will be 6.3p, compared with 6.27p.

The group appears to have done much better in the second half than expected. For the first six months, pre-tax profits were 17.4 per cent greater on turnover—33.5 per cent up.



Mr R. A. Marlar, chairman of Electrocomp.

While increases in business had been achieved by all six major electronic companies, it was putting a pressure on the profit which the board saw as continuing for some time. However, barring any new Government steps which might affect industrial activity, directors were confident that the first-half progress in sales volume and profit would continue for the rest of the year.

Powell Duffryn buoyancy may presage rights issue

By Nicholas Hirst

Though Powell Duffryn's pre-tax profits were up 43 per cent to £13.7m, higher interest rates were eating into the dividend in the second half and published retentions of £4.7m compared with capital spending planned for this year of £23m. Some three times last year's, however, the control of working capital during the year restricted the cash outflow to £2.5m all of which was met out of the previous year's £4.6m of net cash balances. The likelihood of a rights issue, therefore, needs to be assessed against a further sharp rise in profits this year, and the fact that at March 1976 long-term borrowings of £5.4m compared with shareholdings of £5.8m.

Without a rights issue, going to clearly going to increase while an increase in activity would mean a larger rise in sales than last year's 22 per cent at £303m and consequent further pressure on working capital.

The final quarter saw a steady increase in engineering orders, which rose by 39 per cent, which coupled with improved rates in the shipping division where profit were up 24 times, were the major factors behind the improved results.

With good order books engineering should continue to advance while shipping is still a long way short of its record of £4.8m profit in 1975. The problem areas of building services, however, moved from a £4,000 to £566,000 loss, although unlikely to move into profits, should improve this year. But the timber and builders' merchants divisions are unlikely to benefit as it did last year from sharp increases in prices.

At 158p up 5p, the share yield is 7.6 per cent.

Grendon looks to full property divestment

By Ray Maughan

Grendon Trust is confident that it is running up to the day when its property portfolio will be entirely sold, its debts will have been repaid and its printing machinery, offshoot, Monotype Corporation, will remain as the sole activity and eventually seek its own quotation.

The proceeds from property disposals by the year to end-September amounted to £5.5m and borrowings were reduced from £19.6m to £12.4m. Since year-end, further property sales have taken place, cutting the remaining portfolio to £2m. Although the rump of the property is regarded as difficult to shift and may take up to about 18 months to sell, recent divestments coupled with the sale of the brickmaking business to Ibsack Johnson, will bring debt, excluding Monotype, down by a further £7m to around £5m.

The accounts are qualified to the effect that they have been prepared on the assumption that

financial support will continue to be provided by Grendon's bankers, notably Kayser & Ullmann, at least in the medium-term.

Monotype's debt, at the balance-sheet date, amounted to £3.12m, mostly in overdrafts and a loan incurred in the subsequent six months. But its chairman, Mr Brian Allen believes that the prospects for the second half are more than encouraging and for the first time since the inception of film-making, Monotype has a comprehensive range of typesetting machines to sell.

Grendon has taken the £2.76m surplus of the redemption of the 11 per cent unsecured loan stock below the line and before tax the gross profit was £3.21m to £2.81m. Tax is charged at £133,000 against a release of £1,04m in the previous year. However, tax losses after the elimination of deferred taxation are estimated at £2.25m on revenue account and £2.5m on capital profits.

All sectors take off at Tecalemit

By Our Financial Staff

More-than-doubled taxable profits are turned in by Tecalemit for the year to end-March last. All sectors put in a good performance, and the present term is off to a fine start.

On turnover up about 26 per cent to £26.4m for the year, pre-tax profits soared from £1.18m to £2.82m. The group's interests are in fluid transfer, and lubrication systems, garage equipment and combustion engineering. Profits jumped to a best-ever £1.18m in 1975-76, and have gone ahead even faster in the year just past.

Improved cash flow and the cash raised by the rights issue in the preceding year reduced interest charges by more than a half to £166,000. While the company has planned more heavy capital expenditure this year, existing resources are stated to be ample to meet expected needs.

After extraordinary items of £108,000 against £229,000, mainly a surplus from the conversion into sterling of the foreign currency values of overseas companies, the attributable moved from £766,000 to £1.43m. Earnings a share jumped from 7.3p to 14.3p, and the total gross dividend is lifted from 4.5p to 4.95p, the maximum allowed. This is covered more than four times if the basic rate of tax is reduced, the group hopes to pay an additional dividend at interim time. AH dividends produced higher profits, he says, and after two years of substantial growth order books are at a record in the current year. Further growth is on the cards in the present term.

Fresh moves over Globe-Phoenix

The shareholders' Protection Committee of Globe & Phoenix Mining and Phoenix Mining & Finance has applied to the boards of both companies requesting extraordinary meetings to remove the present directors and replace them with representatives of the committee.

These representatives are: Messrs Andrew Alexander, committee secretary, Norman Davis, chairman, Lighting and Leaks, Michael Montague, chairman of Valor and Dudley Morse, immediate past senior partner, Arthur Young McClelland Moores.

In a statement, Major Lomas, chairman of the committee, said yesterday: "This action will enable the true wishes of the independent shareholders to be ascertained."

"If elected, the new directors would proceed with the existing High Court-approved scheme of arrangement for the merger of the two companies."

The new directors would seek a further remuneration until justified by the trading performance of the companies. Earlier this year the meeting called to pass a resolution for the merger of the two companies was adjourned.

The committee was in favour of the merger, but against the acquisition of the Worldwide Group. The purchase of Worldwide was later approved on a poll.

In June, the boards of the two companies changed some of their members. Mr Fraser Bird stepped down as chairman, but remained on both boards. He was succeeded by Mr Ben Clesimmon, a director of African Lakes Corp.

THOMAS LOCKER (HOLDINGS) LTD.

"ALL TIME RECORD"...

Mr J. R. Locker, Chairman

Summary of Results

	1977	1976
Sales	15,685	12,166
Profit before taxation	2,025	1,503
Profit after taxation attributable to Shareholders	893	658
Dividends	310	282
Profit retained	583	376
Earnings per Share	2.23p	1.65p
Assets per Share	22.06p	20.31p

Extract from Chairman's circulated statement

"FUTURE PROSPECTS"

Most companies in the group commenced the year on a high level of activity and order books are well in excess of last year. The group is making a determined and comprehensive attack on world markets, which I hope will enable us to continue our present steady progress. With the diversity of our products and the geographical spread of the markets served, I look forward with confidence to the group producing another good result this year.

Copies of the 1977 Annual Report & Accounts are available from the Secretary, Church Street, Warrington WA1 2SU.

HONGKONG (Selangor) RUBBER

MR. ADDINSELL'S STATEMENT

The Sixty-Fifth Annual General Meeting of Hongkong (Selangor) Rubber Limited was held on June 20th in London, Mr J. Addinsell, the Chairman presiding.

The following is an extract from his circulated statement: "A 29 per cent increase in the rubber crop and a substantially higher average price together with a higher return on our investments, combined to produce a pre-tax profit of £54,383 compared with the 1975 figure of £7,870. Production costs and export duty naturally rose with the rubber price but the gross profit margin per kilogram rose from 1.63p in 1975 to 10.15p in 1976."

Tax in the U.K. and Malaysia requires £33,881, including Advance Corporation Tax on the dividend. An interim dividend of 0.34p per share was paid in January last and we are proposing a final dividend of 4.21p to give a total for the year of 4.55p against last year's 1.625p. The U.K. Treasury has consented to the increase on a "recovery" basis.

As advised in the interim report, Hongkong Tin Limited reported that the scheme for mining the remaining tin deposits by a large modern dredge has had to be abandoned for financial reasons. The directors have subsequently advised their stockholders of the intention to mine by opencast methods selected areas within the mining sublease at the southern end of the property. In order to assist the tin mining company, this company has agreed to change the rate of tribute payable on tin ore recovered in our property from 10 per cent on the gross value to 12 per cent on the net value. This will stabilise tribute at the level which effectively applied in the past before the upward revision of export duties on tin ore.

Rubber 'crop' for the first quarter of the current year is over 4 per cent up on last year's comparative figure and given the maintenance of current prices the 1977 results should prove satisfactory.

The Report was adopted.

Agents and Secretaries: Harrisons & Crosthed, Limited.



société nationale elf aquitaine

1976 REPORT

Following the absorption of the main lines of business of ERAP approved by the Extraordinary General Assembly of July 9, 1976, the Company was renamed S N E A. Its range of activity has been considerably enlarged compared to 1975, and its structure is now that of a holding company.

In addition, a number of departmental and geographic changes have been made in the Company's organization in order to increase efficiency. The most important of these changes is the setting up of closer working relations between ELF FRANCE and ANIAR's French refining and distribution subsidiaries.

Highlights of 1976

Exploration

In 1976, investment in this area totalled approximately 1.6 billion francs, the objective being to maintain, or if possible to increase, oil and gas reserves which at year end were estimated at about 18 years of current (1976) petroleum equivalent production. Research was carried out mainly in France, in the North Sea, in the Gulf of Guinea, in the Gulf of Gabon, and in North America. These areas accounted for more than 80 per cent of S N E A's exploration investment.

Production

Crude oil and condensates: 18.2 million tons, compared to 23.3 in 1975, drop is explained by the transfer of Company production in Algeria.

Commercial natural gas: 10.34 billion cubic meters, compared to 10.36.

Sulfur: Although the market continues to be relatively depressed, the Company's sales tonnage reached 2.7 million tons, or about 20 per cent more than in 1975.

Coal: The production of AQUITAINE PENNSYLVANIA Inc. (a wholly-owned subsidiary of AQUITAINE COMPANY OF CANADA) was 1.4 million tons in 1976, compared to 1.2 in 1975, and is expected to rise to 1.8 in 1977.

Nickel: Sales of Société LE NICKEL S L N, in which S N E A has a 50 per cent share of ownership, totalled 51,675 tons, compared to 53,540 in 1975, despite a 12 per cent increase in export volume.

Crude oil supplies, refining and distribution

ELF AQUITAINE's crude oil supplies are assured by the Group's own negotiating unit and by associated suppliers. In 1976, ELF AQUITAINE processed 35.2 million tons of crude oil in France and in other countries. During 1976, the ELF AQUITAINE (ELF + ANIAR) Group's share of the French market for all major refined products increased slightly from 23 to 23.5 per cent.

Sales in France reached 20.9 million tons, compared to 18.9 in 1975. Outside France, sales totalled 7 million tons, an increase of about 1.1 over 1975.

Petrochemicals - Plastics

Petrochemical activity, mainly involving plastics, is carried out by Société ATO CHIMIE, jointly owned by ELF AQUITAINE and the TOTAL Group. Turnover in this area was 2.64 billion francs in 1976, and the cash flow 198 million francs.

Pharmaceutical products - Cosmetics

SNEA's activities in this are carried out by SANOFI, a wholly-owned subsidiary. Growth in 1976 on companies under the control of SANOFI was greater than the average for the industry in France.

SANOFI's consolidated turnover in 1976 rose to 1,520 billion francs, compared to 1,150 in 1975.

Measured in terms of comparable structures, the growth rate was approximately 20 per cent.

Financial situation

The changes that have taken place in the structure and organization of the Company make it particularly difficult to establish a comparative analysis of results in 1976, the first year during which the new structures have been in operation. S N E A's earnings totalled 841 million francs. It should be pointed out that if the profits of S N E A (P) achieved in 1976 could have been carried over in their entirety to the level of the S N E A Group, net earnings would have reached 1,300 million francs. On this more equitable basis, net earnings per share would be 86 F, compared to 83.5 F in 1975, 61 F in 1974, and 36 F in 1973.

Consolidated results of the ELF AQUITAINE Group showed consolidated earnings of 1,625 million francs, of which 1,479 was achieved by the Group and 144 by associated units. Consolidated turnover totalled 36 billion francs.

Dividends

Total net dividends in 1976 are 241.7 million francs, or 16 F per share, compared to 15 F in 1975, representing a rate of increase corresponding to the general recommendation of the French government authorities. Payment of dividends will be made as of July 6 in exchange for coupon N° 21. A per-share tax credit (pre-paid taxes) of 8 F increases share earnings to 24 F per share of 30 F value.

These results have been approved by the Ordinary General Assembly of July 9, 1977, at the close of which an Extraordinary General Assembly adopted certain modifications to the statutes of the Company in order to bring them in line with legal requirements.

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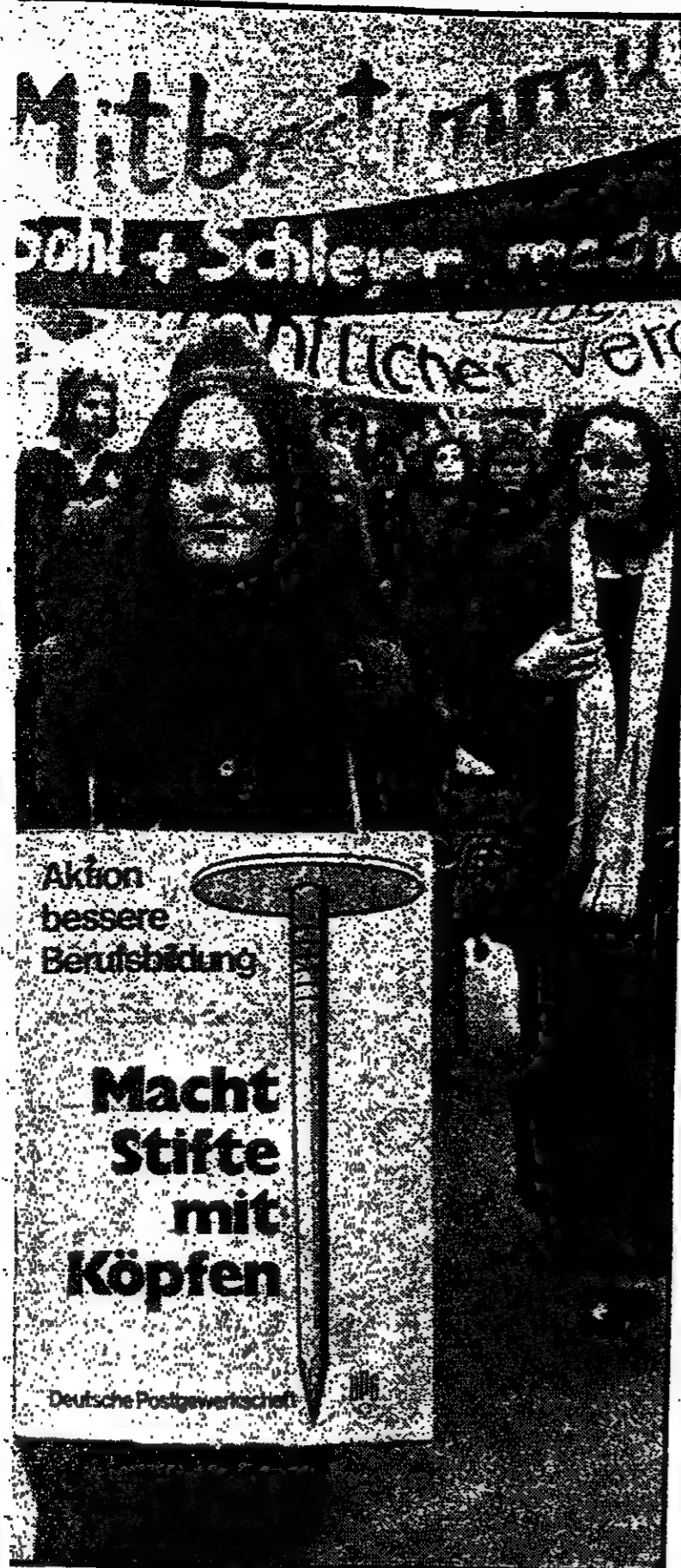
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(continued on page 32)



German dissent. An appeal for better vocational training and, as demonstrating during an industrial dispute.

WEST GERMANY

a Special Report

Affluent society disgruntled by memories of better past



by Dan van der Vat

Like a man in the highest income bracket who planned his finances on the assumption of perpetual increasing prosperity, West Germany is now being forced to limit luxuries for the first time since the country became rich.

Although no analogy can safely be taken too far, the notes made by the affluent when they cease to be able to consume as conspicuously as they used to is not only louder than that made by the poor when they become even poorer but also commands less sympathy.

The rest of the world would agree with the Chancellor, Herr Schmidt, when he rightly points out that the West Germans have precious little to complain

about. The recession caused by the 1973 oil crisis has rocked even the American economy far more than the West German.

To understand why so many people in the Federal Republic are feeling disappointed, pessimistic and even deprived, one has only to choose the right place to stand as an observer.

Seen from outside, from Britain, France, Italy or the United States, the very idea that the West Germans are complaining about the state of their economy seems visible. But if, as is the case with the average voter, your yardstick is not how badly the neighbours are doing but how much better you were doing yourself four years ago, all becomes clear.

It is thus both true and irrelevant to point out that the West Germans do not know how well off they are. The important fact is that they are or believe they are (the same thing when it

comes to forming attitudes) of unemployment among young people. Such investment as there has recently been has only compounded the difficulty of rationalizing jobs out of existence, because labour is fearfully expensive (more so even than in the United States).

The car industry is doing remarkably well domestically, probably in the main because people who put off a new purchase after the oil crisis are catching up. But for the rest, materialist acquisitiveness seems to be a declining force, and the West Germans are showing their uncertainty about the future by saving an average 14.5 per cent of their disposable incomes. Even those many pensioners who can afford it are saving money on an extraordinary scale, though it is difficult to see why, as it can hardly be for the future.

There is therefore little chance of a domestic boom to enliven the economy and help West Germany's trading partners with their much more serious problems.

High unemployment, short time working and cuts in overtime have combined with a "bulge" in the retirement age group and the recession to cause a big crisis of cash in the national pension fund, which relies for contributions on the 18 per cent of gross income paid into it jointly by workers and employers. The pension growth rate is to be cut after this year, some fringe benefits will be reduced, and an increase in contributions may still be necessary. West Germany can no longer afford the luxury of allowing

pensions to rise by a much higher percentage than wages every year.

The first tentative attempts by the Government to hold down (but not reduce) the appalling costs of medical care this year, also made necessary by the recession, were met by predictable but grossly exaggerated protests from doctors, dentists and pharmacists, three of the most highly paid groups in the country and therefore the world. Here again the West Germans found that constant increases in health costs were something they could no longer afford.

The growing inability of the economy to meet long-held aspirations and expectations has inevitably begun to produce unease among young people. Not only are school-leavers finding it hard to get a job in industry or commerce, but also the children of the professional and managerial classes are having to get higher qualifications for more lowly jobs.

This is one of many factors adversely affecting the creaking education system. Stress among schoolchildren caused by the "perform or perish" requirement is rising as opportunity declines. Budgetary economies have simultaneously produced serious understaffing and a large unemployed surplus of teachers.

Universities are being disrupted this summer by protests about grants, overcrowding, bureaucracy and plans for reform. All political parties constantly refer to West Germany's "educational misery", parents are up in arms and students seriously dissatisfied. But the tug of war between federal and state governments sees to it that little is done. Compared with all this, the protracted controversy in Britain over comprehensive schools is a superficial difference of opinion.

Another burden West Germany now finds irksome economically is the enormous cost of the public service—some 3,500,000 people. For historical reasons going back to Bismarck, the term public servant (*Beamter*) is much wider in its meaning than the British concept of the civil servant, for it includes teachers, railwaymen and postmen besides those employed directly by government. Bonn's first attempt to reduce the immense financial privileges of this all-important class has evoked another storm of protest from its pampered members.

These are some of the main areas where the West Germans have been forced since the oil crisis to cut their coat according to their cloth. Large and hitherto unheard-of deficits in the budget

have made many other unfamiliar economies necessary. The widespread feeling of discontent and frustration is further reflected in a bewildering variety of organized protests throughout the country, notably against nuclear power stations but also on many other issues.

To describe this new wave of general social unease as "unrest" would be an exaggeration in any other context, and probably in the West German, at this stage. It is also an exaggeration. But since the national passion for orderliness expresses itself not only in the smooth running of the country, but also in a lack of flexibility, a mistrust of spontaneity, an extreme desire for agreement and enormous pressure to conform, the social temperature is measurably rising.

The endless petty restrictions imposed on personal freedom to appease bureaucracy, eliminate even constructive conflict and limit the need for personal initiative to the irreducible minimum also make it infinitely easier to become an outsider and even a law-breaker. A society which traditionally seeks to make tolerance superfluous, by rules and regulations is bound to get into difficulties when the rewards it offers in compensation become scarcer.

The political establishment is in no condition to meet this still largely subconscious but increasingly important challenge to its authority. In Bonn, both Government and opposition have turned in on themselves. The shortage of new ideas, the dearth of alternatives and the lack of room for manoeuvre, exacerbated by the recession, have left both camps with all too much time for factionalism.

In Herr Schmidt, West Germany has at its head one of the most gifted statesmen in the world. He made his name by coping brilliantly with specific crises, but a world recession is beyond his powers, and the domestic crisis of doubt is too vague and all-pervading to be crisply ordered out of existence.

The Chancellor appears increasingly isolated. He is too close to the political centre to enjoy much support from his party, the Social Democrats, now engrossed in an overranging and spreading struggle between moderates and leftists.

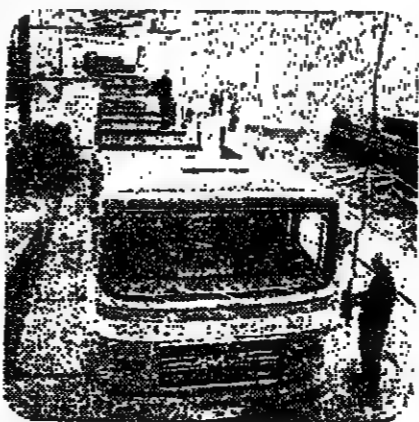
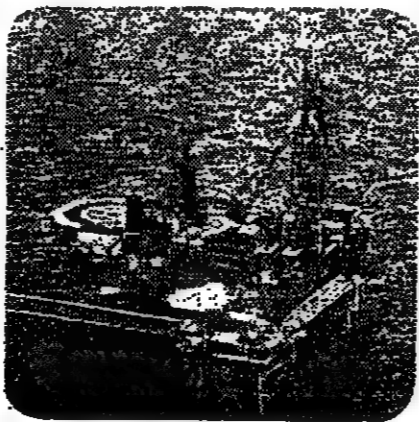
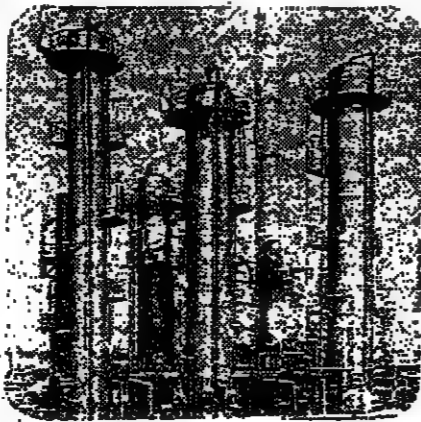
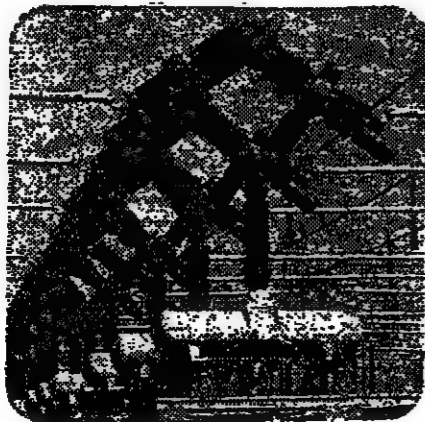
West Germany's difficulties are unique in quality, but in degree they fall far short of those of the rest of the world. The response to them, however, helps to explain why a recession is often called a depression. It is high time the West Germans started to count their blessings.

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specialize in worldwide trading and transportation with close on 1,000 offices strategically located throughout Germany and many countries around the globe. Gasoline is distributed through ARAL AG's 10,000 stations in Germany and other European countries. VEBA ranks as one of Germany's top industrial concerns with yearly Group turnover exceeding DM 27 billion.



generated from various fuels such as pit coal, oil, natural gas and nuclear energy.

VEBA-CHEMIE, a multi-product oil and chemical concern, concentrates in crude oil processing with vast experience in petrochemicals. It supplies fuels to industry as well as specialized products such as fertilizers to a broad clientele.

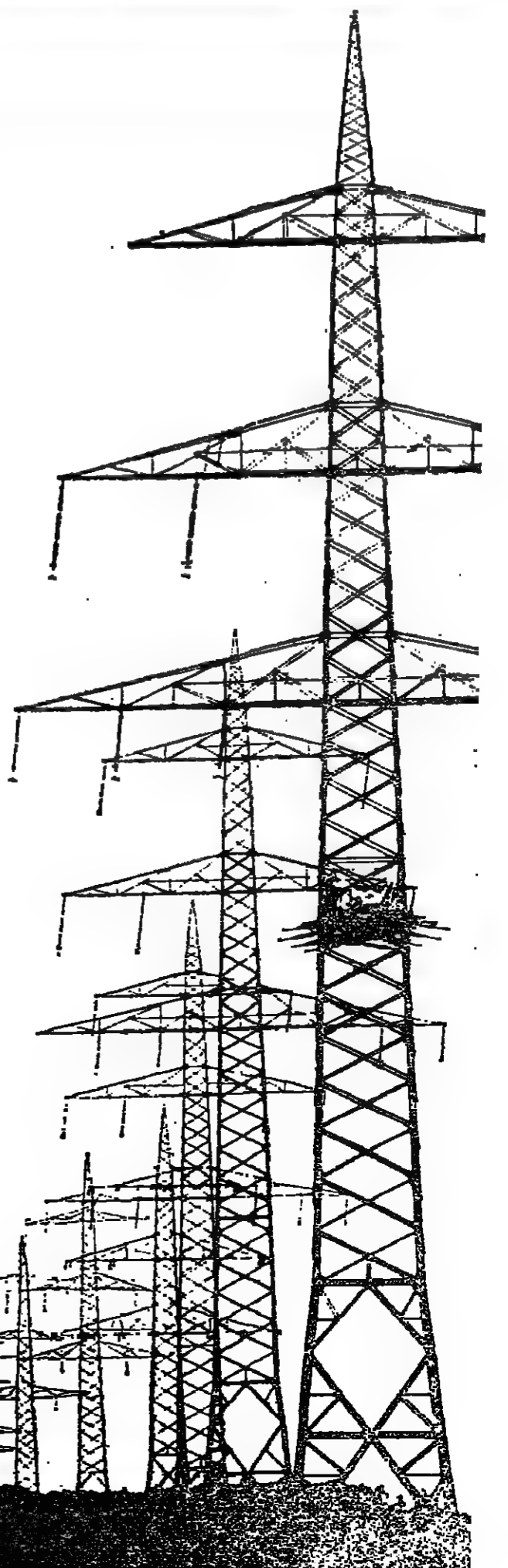
DEMINEX is active in global oil exploration with a substantial stake in the North Sea where exploitation will begin soon. STINNES and RAAB KARCHER

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Germany and the European Elections

The Bonn Cabinet has finalised the text of the draft Bills for direct elections to the European Parliament.

Like Britain, France and Italy, the Federal Republic of Germany will have 81 out of the 410 seats in the European Parliament. They will include three representatives from Berlin, who will be elected by the Berlin House of Representatives in accordance with the city's special status.

When it comes to how to elect "Euro-M.P.'s", the ruling Bonn coalition of the SPD and FDP support the idea of proportional representation through federal lists, so that each voter has one vote for the party of his choice. The parties would put forward lists with the names of candidates and the seats would be allocated in proportion to the number of votes obtained.

The opposition CDU and CSU favour a system in line with what is already done in federal elections: they propose that 40 of the 78 deputies should be elected directly and that the country be split up into 40 large constituencies for that purpose. The other 38 would be elected by a proportional system via lists of candidates drawn up by the federal parties in each Land (state). This would mean that, as in federal elections, each voter has two votes, one for his constituency candidate and one for his party list.

Not just political parties but also other political organisations which have sufficient members will be entitled to put candidates in the field. The five-per-cent clause will, however, apply to them as well as to the political parties, i.e. only those which poll five per cent of votes cast can enter deputies into the European Parliament. This measure has been successful in the Federal Republic of Germany in curbing the proliferation of splinter parties.

Right to vote

Herr Andreas von Schoeler, Parliamentary State Secretary to the Minister of the Interior, in outlining recently some of the technical aspects of the Euro-Parliament legislation, said that German citizens who would normally vote at home but were living in other member-countries of the Community could have the right to vote.

Members of the European Parliament will enjoy the same privileges and immunities as members of the Bundestag.

Bundestag members will as before be allowed to sit in the European Parliament as well—it is not felt that simultaneous membership of the two legislatures will lead to conflict. On the contrary, Herr von Schoeler said that it would give the European Parliament added prestige and influence to have among its members politicians prominent in public life back home. He added: "Politically, it would be most opportune, in the early days at least, to have a definite personal link between the European Parliament and the Bundestag."

Political goal

Speaking in the Bundestag during discussion of the Bills, Herr Hans-Dietrich Genscher, the Foreign Minister, said: "With direct elections to

the European Parliament a new phase in the history of European unification will begin.

"We all know that the work of European unification has been strongly determined by economic factors and that it will continue to be determined in this way in the future. But the goal of European unification was always political: together we want to build a Europe which at home makes a life of freedom and self-determination a reality for all its citizens and which in the world at large stands for freedom, democracy and justice.

"Yet such a Europe should not be just a Europe of governments, it must become far more a Europe of the citizens. With the direct elections to the European Parliament we are taking a decisive step towards this Europe of the citizens, a step in the direction of a Community in which not just the member states have a democratic constitution but the Community itself as well.

"Today people regard the European Community principally as a huge control apparatus, far away in Brussels, and as institutionalised, continuous negotiation between the governments. The direct elections must give a new direction to this. For the first time a Parliament is coming into existence which has been—in the European sense—legitimised."

"Live" idea

President Walter Scheel gave his view on the question of direct elections in a speech at Aachen on May 19, when the city presented him with the International Charlemagne Prize for his work for European unity. The President said:

"I welcome the direct election to the European Parliament with all my heart. This gives an opportunity for the idea of Europe to come alive again among the peoples of Europe. It must bring results, though, because otherwise there is the danger that the citizens of our countries become disappointed or (which is even worse) bored.

"Europe's political unification is a labour of peace. It does not serve merely the interests of Community members. It promotes the welfare of all European countries. Since it was founded it has been open to all the democratic countries of Europe. It seeks, too, peaceful co-operation with the countries of Eastern Europe; it seeks to build bridges to the other democratic countries of the world.

"The peoples of the Community would—as I see it—serve the cause of peace best if they were to join together in a European Union. Yet time is running out. If Europe really doesn't come to its senses quickly, the factors working towards disintegration could become uncontrollable.

"I believe that we should act quickly. The risk of doing nothing is great. The economy has undergone an unexpected upsurge because of the European solution. Why should Europe's political strength not expand likewise through a political coming together?

"In the past many have sought to unite Europe by force. It always ran into trouble. Let us unite Europe with insight and of our own free will. It is the most beautiful and rewarding historical task that has ever been set us."

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The two most useful words in the German language.

Nine neighbour states nudge the Federal Republic

by Dan van der Vat

Few countries are more conscious, or self-conscious, about their foreign relations than West Germany, which holds a world record in that it shares its borders with nine states.

The northern and western borders adjoin Denmark, The Netherlands, Belgium, Luxembourg and France—all members, with the Federal Republic, of the European Community. To the south lie the neutral, largely German-speaking Switzerland and Austria, with which West Germany enjoys excellent and uncomplicated relations.

On its eastern frontiers are Czechoslovakia and East Germany, the two frontline members of the Warsaw Pact. Just as the weather in West Germany tends to cool when the wind blows from the east, so the temperature of its relations with the Soviet bloc varies between cool and icy.

Although the Federal Republic occupies only the western half of the old German Reich, and although only the small states of Holland and Belgium lie between it and the west coast of Europe, West Germany remains a Central

European power, facing east as well as west, as Germany has always done.

As it is generally assumed that the main battle line in any outbreak of hostilities between Nato and the Warsaw Pact would lie along the "boundary" between the two states in divided Germany, the main preoccupations of West German foreign policy are easily understood.

In a sentence, Bonn seeks to anchor itself in the West through its membership of the Atlantic alliance and the European Community, while pursuing normalisation of relations and détente with the eastern bloc to reduce the risk of war, keep alive the faint hope of German reunification, and ease the lot of ethnic Germans in eastern Europe. The Government maintains that the pursuit of the latter depends on and is inseparable from success with the former, its relations with the rest of the world follow the pattern of those of most other western states.

In recent months, détente has not been in fashion in the western bloc as the Soviet Union adopts a wary posture towards a boisterous and unpredictable new American president. Mr Carter's human rights campaign is regarded in Bonn

with ill-concealed alarm as a potential threat to the fragile structure of improvements in relations with the east so painstakingly established over the past decade.

West German spokesmen publicly agree that the President's heart is in the right place but make no secret of their view that détente must come before the human rights issue, if a choice must be made.

The uneasy, in Soviet-American relations has, since inevitable incidents, consequences of affecting Moscow's relations with West Germany, the United States' most important military and economic ally.

Relations with the eastern bloc are thus in a state of suspense, though the Russians, perhaps feeling that way towards a divided and erratic policy in foreign affairs, have begun to whisper sweet nothings in Bonn's ear. Important improvements in Soviet-West German relations are being heavily hinted at for the visit in Bonn in the autumn of Mr Brezhnev, the Soviet party leader.

While in general for the West Germany who is politically committed enough to belong to the parties represented in the Bundestag.

unexpected difficulties in relations with Poland and East Germany.

The Polish media earlier this year suddenly opened a virulent anti-German campaign, rehearsing all the old canards about militarism and neo-fascism. This was recently revived after a hullabaloo over the visit of the Chancellor, Helmut Schmidt, to Warsaw, the autumn is likely to be a delicate affair.

For the West Germans, relations with East Germany have nothing to do officially with foreign affairs. They are separately handled by the Chancellery, and they are dreadfully bad, the situation in Berlin being, as ever, the focal point of the differences.

Nor has all been well for Bonn this year in its crucial relations with its Western allies. If Herr Schmidt got off on the wrong foot with Mr Carter by openly favouring his rival, Mr Ford, in the presidential campaign, the new President began his term by giving the cold shoulder to the United States' leading ally and thus returned the doubtful compliment with interest.

West Germany can only rejoice that Mr Carter's initiative has already begun to lift Mao out of a stagnant period, as the alliance means more to Bonn than to any

other member. But the West Germans are seriously worried by the stagnation in EEC.

There is a widespread feeling that Bonn is getting a little in return for its contribution as by far the largest net provider of funds to a Community. Failure to keep the plan to have the first direct election to the European Parliament in 1979 could do serious damage to West German enthusiasm for Europe.

Generally, bilateral relations between West Germany and the other eight members of the Community are good. The usual difficulties in the relationship with France always excepted, a part of divided Germany ruled by communists, West Germans are particularly sensitive and mistrustful towards Eurocommunism and the real possibility of active communist participation in government in France and Italy.

Given that Herr Schmidt attaches special importance to his own relationship with the leader of another count in "eastern" relations, it is not surprising that, in their states, a warmth between himself and Mr Callaghan helps to ensure generally excellent Anglo-German relations. It only difficulty remains a question of offset costs of British forces in Germany.



Immigrant Spanish workers demonstrate in two languages.

A grand coalition of malcontents brings dissent on to streets

"All Germans shall have the right to resist by force or by other means any person or persons seeking to abolish (the) constitutional order, should no other remedy be possible."

Federal German Basic Law, Article 20. This remarkably unqualified provision of West Germany's Basic Law (constitution) was inserted as an amendment in 1968, when the country was still troubled by the worst form of civil disorder since the foundation of the Federal Republic in 1949.

The formation of the "grand coalition" Government of Social Democrats and Christian Democrats in 1966 signalled for many people the end of effective opposition in the Bundestag. They took to the streets, began their own "long march through the institutions" and formed the "extra-parliamentary opposition."

Now, a decade later, we are witnessing the birth of a new, larger, different and more diversely motivated extra-parliamentary opposition. A spontaneous grand coalition of malcontents has arisen to present a serious challenge to the authority of Parliament. So far, it has proved a headless monster, but it could lead to an epidemic of post-judicial or "Green Front" of environmentalists, or both, or go off in other directions.

Another paragraph of the same constitutional article says: "All state authority emanates from the people. It

shall be exercised by the people by means of elections and voting and by specific legislative, executive and judicial organs" (official English translation).

A large and increasing number of West German citizens feel this provision is being ignored in the spirit, if not in the letter. Despite a turnout of more than 90 per cent at the last two general elections, disenchantment with Parliament and the parties represented in it is growing fast.

The reasons are not hard to find. The political spectrum in West Germany is extremely narrow, regardless of the furious rows between Government and Opposition and the internal disputes within each camp, where the intensity varies in inverse proportion to the degree of difference of opinion.

The issue which has aroused the country over the past year more than all others put together is the national nuclear energy programme. But there is no discernible difference between the parliamentary parties on this; the Bundestag has therefore been unable to debate it in the true sense of the word and the state governments have been falling over themselves to grant planning permissions for nuclear power stations in almost indecent haste.

West Germany has already had to pay a high price for this cavalier treatment of the misgivings of hundreds of thousands of

citizens. They have taken up a weapon which is new in its present application if not its form—the *Bürgerinitiative* or civic action campaign.

There are now thousands of such campaigns, although estimates of the total number of such groups vary widely between 3,000 and 50,000. But it has been shown beyond doubt that the total membership of all these groups comfortably exceeds the two million people in West Germany who are politically committed enough to belong to the parties represented in the Bundestag.

Civic action groups campaign on all manner of issues, from demanding a kindergarten for a housing estate to opposing pollution. But it is the mass campaign against nuclear power stations which has attracted the most attention and support, and caused the most disruption.

In little more than six months, the energy protesters have established a nationwide umbrella organization, brought work on at least 18 power stations to a temporary or permanent halt, won the sympathy of the courts and wrecked the Government's nuclear power programme.

If these unprecedented victories prove lasting, they could mean the loss of hundreds of thousands of jobs and of thousands of millions of Deutsche marks to industry. The fact that the trade union movement, industry and finance are bound up with the legislature, the executive and the political parties in the

pro-nuclear front only encourages the objectors in their belief that they are opposing a gigantic and undemocratic conspiracy.

Most campaigners are law-abiding and as orderly as only the Germans can be. But lunatic fringe groups of the far left (and far right, though to a lesser extent) are seeking, by viciously provoking confrontations with the police to turn peaceful and genuine protest demonstrations into bloodbaths. There have been several frightening encounters between thousands of police and tens of thousands of demonstrators, which made appalling television and some close to disaster.

The overwhelming majority in the protest movement abhors the very thing element which, having miserably failed to gain any measurable support at the polls, seeks to further its destructive aims on the backs of thousands of concerned citizens.

At the same time, the violent minority is one indication, however distorted, of the way the wind of dissent is blowing in West Germany, which can be measured on a kind of Beaufort scale ranging from apathy to terrorism.

Between these two extremes are the passively satisfied, the vocally dissatisfied, the campaigners for new youth clubs, the orderly protesters against power stations, the non-violent but law-breaking demonstrators who are prepared to go as far as an illegal occupation of a site, the violent demon-

strators and those who can, and often do, throw bombs.

Somewhere in the mix of this scale are the thousands of students protesting across the country over a whole series of issues from inadequate grants university reform, by way of overcrowding, education, graduate unemployment and increased authoritarianism.

All this should not seem to mean that German democracy is on the brink of collapse. Far from it. The entire legitimate mainstream of this new powerful current of dissent is made up of young middle-aged, middle-class and well-educated people whose main aim is for more democracy, less.

Article 20 of the constitution has not been cited out of reason. The "resistance clause" is being increasingly in justified of the new wave of protest especially when it begins to incline towards breaking law.

It all amounts to a potent challenge to the danger of losing touch with the people, an inflationary bureaucracy increasingly reluctant to listen to an opposition which not only opposes a Government which has lost its way and a Parliament which appears daily less capable of truly representing an increasingly complex and un-

D. v. d.

Unemployment still black spot after two years of economic recovery

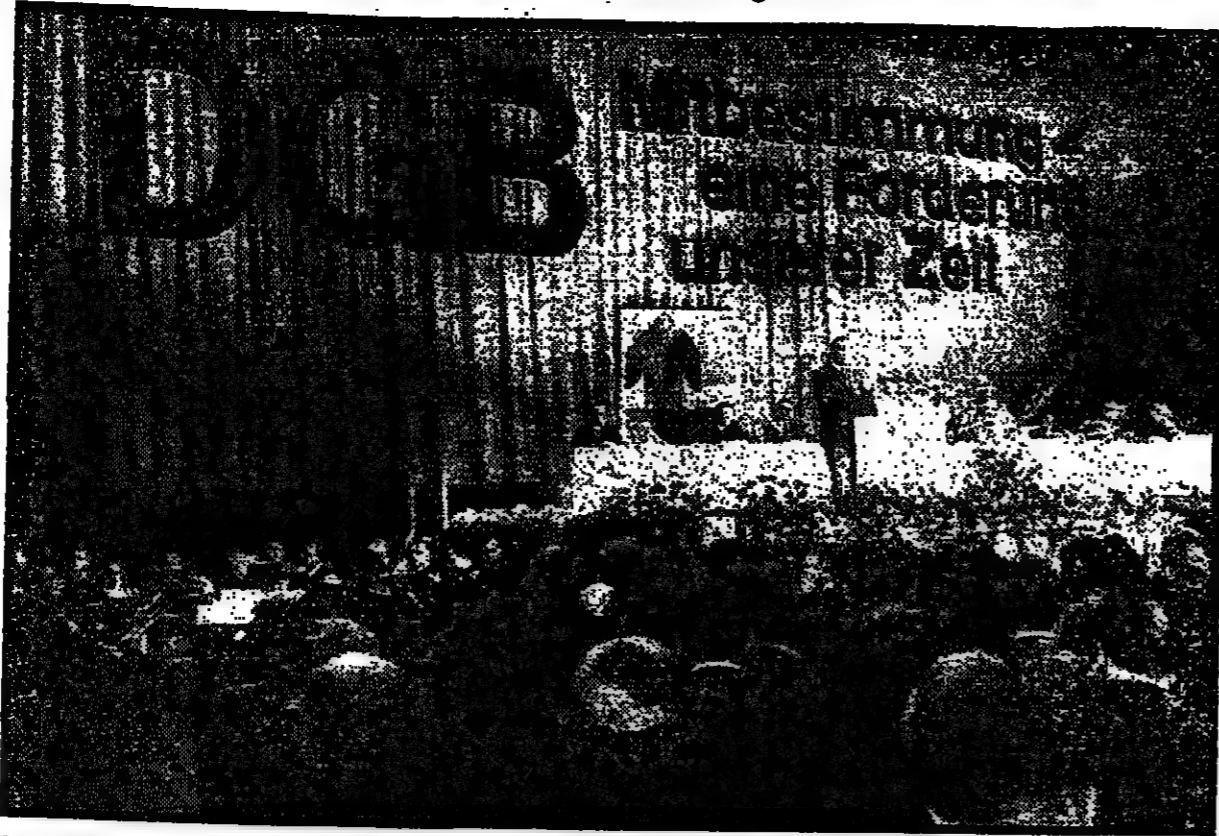
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A trade union federation meeting: little support for shorter hours and lower incomes.

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But the pressure of youth
on the labour market is only
an exacerbating factor.
After all, in the 1950s and
1960s Germany absorbed
millions of refugees from
the east and provided jobs
for 2,500,000 Gastarbeiter
from the Mediterranean
countries.

The key problem is that
German industry and com-
merce is no longer willing to
pay the price to increase its
labour force.
The past two years of eco-
nomic growth have been ac-

companied by an almost
parallel increase in produc-
tivity. For many companies
the recession came as a
heaven-sent opportunity to
cut back excess labour hired
in the boom years of the late
1960s and early 1970s. The
subsequent revival in econo-
mic activity has been in-
sufficient to persuade them to
reverse this policy.

The prime reason for this
reluctance to hire is that
German labour has become
very expensive in compar-
ison with other industrial
countries.
Thanks partly to the rise in
the value of the mark on the
foreign exchange markets
since 1973 and the success
of the German trade unions
in securing real wage in-
creases for their members
throughout the recession,
Germany now has the highest
labour costs of all the major
industrialized countries.

German unit labour costs
now exceed those in the Uni-
ted States and are about
double those of Japanese
and British competitors. Yet
every third job in Germany
depends on exports.
For a long time it was a
case of wages that the rise
in the value of the mark had
no effect on Germany's ex-
port performance. Now the
effects are showing, but in
an indirect fashion. Most
German industrial invest-
ment is going towards
rationalization or labour-
saving devices.

Only advanced technology
products with a high added
value and demanding skill
have a secure future. In-
creasingly, it is uneconomic
to produce simple technol-
ogy labour-intensive goods
in Germany.
Germany, in undergoing
this forced rationalization,
is having to master rapidly an
overdue structural reform

that was held back by an
undervalued mark through-
out the 1960s. Only now are
the implications of change
becoming generally apparent.
Earlier this year, Herr
Heinz-Oskar Vetter, the head
of the trade union federa-
tion, caused a stir in suggest-
ing that full employment
might be restored only if
workers were prepared to
work fewer hours and accept
a commensurately lower
income.

Herr Vetter's suggestion
fell on deaf ears. His col-
leagues in the separate in-
dustrial trade unions were
busy negotiating their annual
wage agreements which in-
cluded significant real wage
increases. Although inflation
is below 4 per cent, most
German workers will take
home between 6 and 7 per
cent more cash this year.

Trade unions, after all,
negotiate on behalf of their
members who are employed.
It is hardly in their interests
to back a risky radical sug-
gestion that could incur
rank-and-file unrest on behalf
of the unemployed who make
up only 4.5 to 5 per cent of
the working population.
But the exception to this is
not confined to organized
labour. Safety first has also
become a hallmark of the
German capitalist and the
man in the street.

For example, it takes an
average of two years to ob-
tain a new Mercedes car.
Daimler-Benz came through
the recession almost un-
scathed. For the past two
years demand for its cars
has been outstripping supply.
Only now is it stepping up
investments in new produc-
tion and these will not reach
a peak for another year at
least.

Another example has been
the appearance of German
corporations as investors in

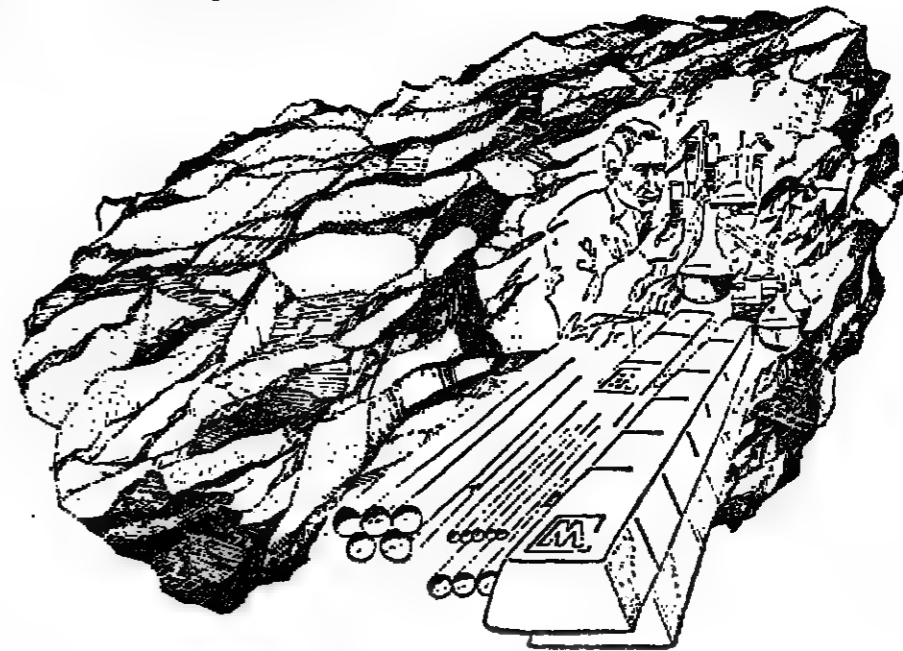
the market for domestic
bonds. Last year, the more
liquid of German corpora-
tions ploughed no less than
DM5,000m into fixed-interest
securities rather than invest
this cash in productive assets.
Even more remarkable in
a nation comprised of people
pushed together after the
war from all corners of the
Third Reich and much of
Eastern Europe. The Ger-
man worker has become one
of the least mobile in
Europe.

There is no parallel in
West Germany to the daily
commuting by office workers
into the centre of London
and once a German buys a
house he tends to stay put
for the rest of his life.
Government efforts to re-
store full employment over
the past two years have
failed. Despite high-minded
utterances, there is no sign
as yet that the employers
and unions are prepared
jointly to take over the task.

It could well be that in a
year, official figures will
show that in 1977 Germany
met its original economic
growth target of a real 5 per
cent rise in gdp. But on
present form it appears even
more likely that there will
still be no sign of economic
growth bringing full employ-
ment.

The author is European
Economics Correspondent,
The Times.

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Law on workers' voice in firms the result of compromise

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rats, senior
the Federal

Government, and the small
Free Democratic or Liberal
Party. It cannot be described
as genuine, party cotermi-
nation. Still, in the
opinion of the Government,
it heralds a new era in the
relationship between capital
and labour, based on co-
operation and shared respon-
sibility.

Firms employing up to
10,000 people will have
supervisory boards of 12
members, six from each
side; those with a labour
force between 10,000 and
20,000 16 members; and
firms employing more than
20,000 will have 20 members
on the supervisory boards.
The trade unions repre-
sentatives in the coal and
steel industries include a
neutral representative -
known as the eleventh
man or in case of larger
boards as the fifteenth
or twenty first man -
whose function is to en-
sure that deadlocks are pre-
vented. In practice it is un-
usual for him to be called
on to exercise this function.

The new law does not pro-
vide for a neutral member
Under the Montan cotermi-
nation law the personnel
director cannot be appointed
to the board of management
against the wishes of the
workers' side on the super-
visory board. Under the new
law he is appointed under
the same conditions as any
other director.

The recently agreed sys-
tem of electing members of
the supervisory board has
been devised to ensure that
at every stage of the proce-
dure the senior executives
are represented as a distinct
and separate group. Elec-
toral committees are being
set-up in companies to de-

termine which employees belong
to which group - workers,
salaried staffs and senior
executives.

If an employee considers
he has been assigned to the
wrong group he may appeal
to the labour court.
As the procedure is so com-
plicated, it is estimated that
the whole process will take
most firms between four and
seven months to complete.

The need to reach a com-
promise with the Free Demo-
crats was undoubtedly the
main reason why the Montan
cotermiination model was
not extended to the rest of
industry. There were other
significant reasons. There
was fear that foreign
investment in Germany, and
in particular American
investment, might be
frightened away. A study
commissioned by the Ameri-
can Chamber of Commerce
in Germany concluded that
the introduction of parity
cotermiination would
violate the rights of Ameri-
can shareholders and thereby
the American-German trade
treaty of 1954. The Ameri-
cans now think there are
sufficient safeguards for the
shareholders.

Although cotermiination
has excited the politicians
for many years, most Ger-
man workers, according to
opinion polls, are not greatly
interested in the subject.
Some 30 per cent of workers
thought that parity cotermi-
nation would bring them
advantages, but 47 per cent
considered that in practice it
would signify no change. The
supervisory board, meeting
four times a year, seems
remote to most workers no
matter whether some of
their mates are members of
it or not.

Bayerische Vereinsbank one of Germany's major banks reports:

During the last five years BV group assets
have more than doubled
(billions of DM).

	1971	1972	1973	1974	1975	1976
Bayerische Vereinsbank Group	23.65	31.22	35.94	41.22	48.72	56.75
Total Assets					31,12.71	31,12.76
Due to Customers					23,654	56,752
Due from Customers					9,216	15,130
Bonds Issued					6,620	12,284
Mortgage and Public Authority					11,017	31,193
Capital Resources					10,903	31,864
Consolidated Profit					739	1,388
					45	86

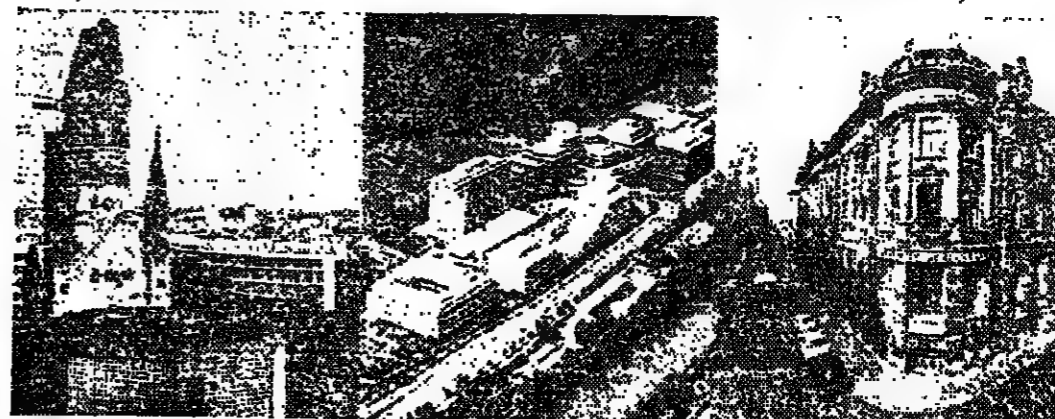
millions of DM

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This page and the next two pages are devoted to some of the main industrial sectors and the politically contentious issue of nuclear power projects.

STEEL

Makers still live with the crisis

by Peter Norman

In October 1974, top managers from steel companies gathered in Munich in a mood of optimism. It was West Germany's turn to host the annual conference of the International Iron and Steel Institute and the proceedings were unusually festive. The world's steel industry was booming. Although the previous winter's oil crisis gave cause for some uncertainty, it was generally expected that demand for steel would continue to rise.

A few weeks later the world steel boom ended abruptly. Demand fell, prices slumped and profits turned into losses. The steel crisis had begun. Now, more than two and a half years later, Germany's steel makers are still having to live with the crisis.

Last year's hoped-for revival in the demand for steel failed to come about. Crude steel production, which in 1975 fell by nearly a quarter to 40,400,000 tonnes from 1974's record level of 53,200,000 tonnes, rose by a paltry 5 per cent to 42,400,000 tonnes in 1976. The outlook for 1977 is clouded with uncertainty. Orders fluctuate at a low level from month to month, more than a quarter of the industry's labour force was on short-time working in the spring and production is not expected to rise significantly over the year.

Germany's steel industry is in a crisis which has structural as well as cyclical hallmarks. But so far the industry has been tackling its problems itself. Germany is one of the few countries in Europe where the state has not intervened to help the industry and where imports still have a largely unrestricted access to the market.

Two factors have put a

special pressure on Germany's steel makers. One is the dominating position achieved by Japanese manufacturers on world export markets since the end of the boom in the final months of 1974. The other is the rising cost of labour at home in relation to other countries since the floating of the mark in 1973.

The past two and a half years of crisis have seen Germany lose its position as a large-scale net exporter of steel. Exports last year were down to one million tonnes from 11 million in 1974.

The Japanese penetration of third-country markets, thanks largely to aggressively low prices, has not only cut into German steel exports but has forced traditional exporters in the European Community, such as the Benelux countries, to look nearer home for customers.

In consequence, Germany's share of crude steel produc-

tion in the European Community fell to 31.6 per cent last year from 34.43 per cent in 1974. At present importers are taking about 37 per cent of the German market compared with an average of 34 per cent last year, 29 per cent in 1975 and only 24 per cent in 1974.

Low prices and high labour costs mean that German manufacturers are finding that they can no longer compete in markets for simple technology steels such as reinforcing bars for the construction industry and are abandoning this sector to low-cost producers in northern Italy, Japan and the Third World.

But in spite of this structural problem, the German steel industry is still generally cool towards the international policies of the Brussels Commission on the European steel market.

Vicomte Davignon's limited package of recommended prices for a series of steel products and minimum prices for reinforcing bars is accepted as a lesser evil than total dirigisme.

The fundamental adherence to the idea of a free world market for steel is partly recognition of the fact that free trade helped the steel industry to grow and flourish in the 25-year period of affluence after 1950. It is also a sign that the German steel industry believes that it can successfully adjust to the changed conditions that exist in the market for steel.

Investment in heavy plant industries

The German steel industry is planning its hopes on remaining competitive in high technology special steels and broadening its activities to include the engineering and heavy plant industries. The large German groups were already investing heavily in these directions before the crisis broke and the recession has had the effect of accelerating the process.

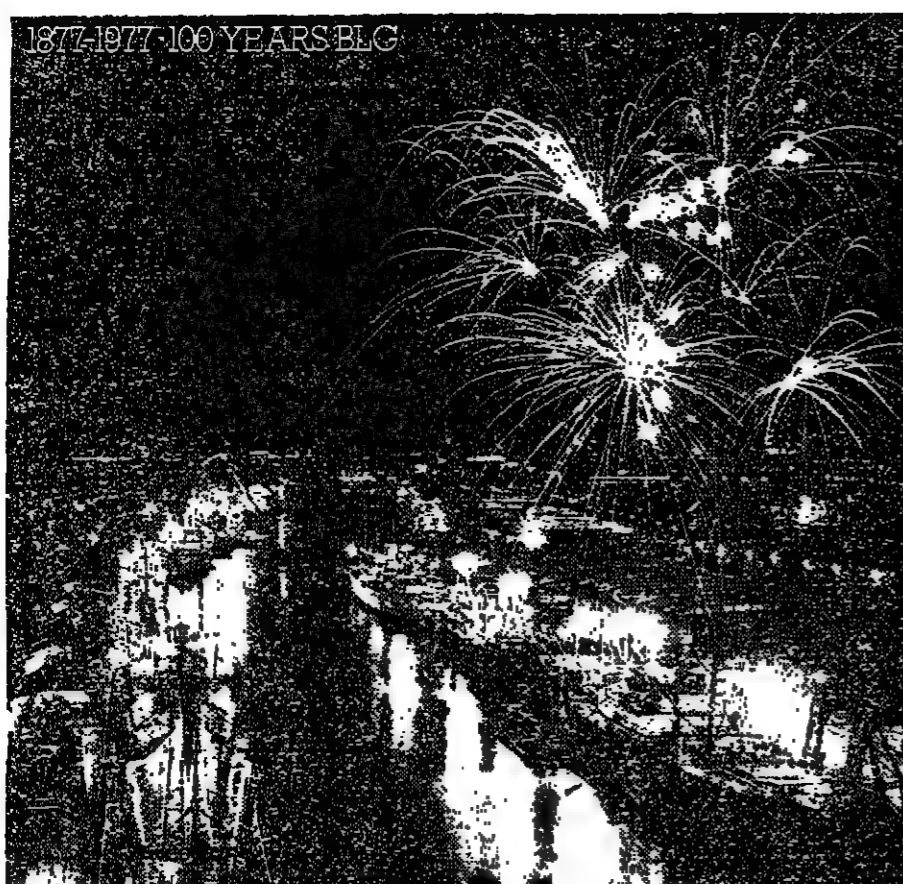
Today, Fried. Krupp Hüttenwerke the steel making arm of the Krupp Group, can claim to be primarily a producer of special steels, special steel products and high-quality sheet steels. Mannesmann, having at an early stage subordinated its steel making activities to pipe making, is now a diversified engineering concern, while Thyssen, the largest of the German steel groups, is at the same time one of Germany's largest engineering concerns.

But it is unlikely that the steel industry in Germany will come through the crisis unscathed. The fragmented steel companies in the Saarland are only now beginning a belated adjustment to the tougher competitive conditions that exist in Europe. More than 2,000 jobs will be lost this year and the Economic Ministry in Saarbrücken has calculated that another 8,000 will have to go if the industry in the state is to remain competitive with the large concerns based in the Ruhr and Lower Saxony.

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CARS

Climbing back after downhill run

by Peter Waymark

Of all the European car industries the German industry has made the quickest recovery from the effects of the oil crisis and world economic recession. The motor industry's growth rate in the past two years has been double that for German industry as a whole and half of Germany's economic growth in 1976 was due to the rise in demand for cars.

New car sales last year reached 2,300,000, which was a record, and encouragingly for the home manufacturers the share of the market taken by imported cars, 21.7 per cent, was at its lowest level since the late 1960s. Total car production, at 3,547,000, was only slightly below that of the peak year of 1971.

But the strength of the Deutsche mark against other currencies has tended to make German cars more expensive and less competitive abroad and this is being reflected in export sales. Although more cars were sold abroad in 1976 than in the two previous years, the total was still 15 per cent below the record 1973 figure and for an industry exporting about half its production currency fluctuations must be a cause of concern.

The ups and downs of the German car industry in recent years can be illustrated by the experience of Volkswagen which, as the biggest manufacturer, is often regarded as a barometer. The oil crisis caught Volkswagen in the throes of a huge investment programme which had as its aim the development of a complete range of new models to lessen dependence on the aging Beetle.

The enormous cost of launching these new cars, together with falling demand both at home and abroad, produced a loss in 1974 of DM807m (£175.5m) and for a while it was touch and go whether the banks would be prepared to tide the company over. Government intervention, as was to happen with British Leyland, became a strong possibility.

But despite further heavy losses in 1975, VW has been able to come through the crisis and now looks stronger than before. Its new generation of cars, from the little Polo to the revised Audi 100, has been widely acclaimed and is selling strongly. The American market, though, is much weaker than in the heyday of the Beetle and this will be one of the main problems for the future, especially as VW is committed to a manufacturing base there.

The other volume producer, Ford and Opel, also suffered badly in the recession but like Volkswagen have managed to climb back. Ford's nadir came in 1974 when it was humiliatedly outside in Germany by Daimler-Benz. Since then, with stronger management and improved versions of the Capri, Escort and Tempra (Cortina) it has doubled its



Production at Opel, the General Motors subsidiary, which has been successful with its new range outcontending with Volkswagen for the market leadership.

sales and with the launch last autumn of the Fiesta has the widest, and probably the best, model range in its history.

In 1973 Opel, the General Motors subsidiary, was selling more cars in Germany than Volkswagen but the following year proved to be its worst since the war as demand, particularly for the larger models, fell off sharply. Fortunately Opel had a new Ascona/Manta range in the pipeline and helped by this, and the general economic revival, is now back in contention with Volkswagen for the market leadership.

Paradoxically, the com-

panies affected least by the recession were those at the luxury and performance end. Daimler-Benz, with nothing in its range below two litres, might have seemed vulnerable to the United States where the Administration is taking a rough line against the so-called "luxury" cars.

BMW's image up to the oil crisis was based on performance; the appeal was to motorists who wanted to get there quicker than the next car. The company was shrewd enough to realize that in the changed conditions after 1973 this approach was no longer tenable and the emphasis was abruptly switched to previously unused features like comfort, safety, and refinement. As it happened,

the cars fitted the new just as well as the old. BMW was able to through the oil crisis or less unscathed.

Like Daimler-Benz, it has managed to increase production year by year in 1976 made some 27 cars. It is in the happy position of working almost capacity and yet unable to meet the demand for a model. The recent launch of a new six-cylinder can only strengthen its grip on the quality/effective market.

The author is Motoring correspondent, The Times.

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- Continued international expansion

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Important figures from the Consolidated Balance Sheet at December 31, 1976 and 1975

	in millions of DM	1976	1975
Total assets	84980	74102	
Total loans and advances	67529	57836	
Loans extended on bills	3957	3670	
Loans and advances to customers	30803	25469	
Mortgage loans	18449	15678	
Loans and advances to banks	4057	3211	
Guarantees	10263	9808	
Bonds	2874	2024	
Other securities	1324	1009	
Deposits from customers and long-term liabilities	60816	54623	
Demand deposits	8198	8479	
Time deposits	19332	16447	
Savings deposits incl. savings certificates	14875	13789	
Mortgage bonds issued	18411	15908	
Capital and reserves	2688	2191	
Capital	780	670	
Published reserves	1888	1521	

The complete Annual Statement of Accounts at December 31, 1976, audited by Treuhand-Vereinigung Aktiengesellschaft, Frankfurt/Main, was published in the Bundesanzeiger No. 66, of May 6, 1977.

Dresdner Bank

AVIATION

Emphasis put on quality rather than size

Reed

sub-contractor on one or more of the new generation of subsonic airliners which the Americans are preparing to develop, such as the Boeing 747 and 767.

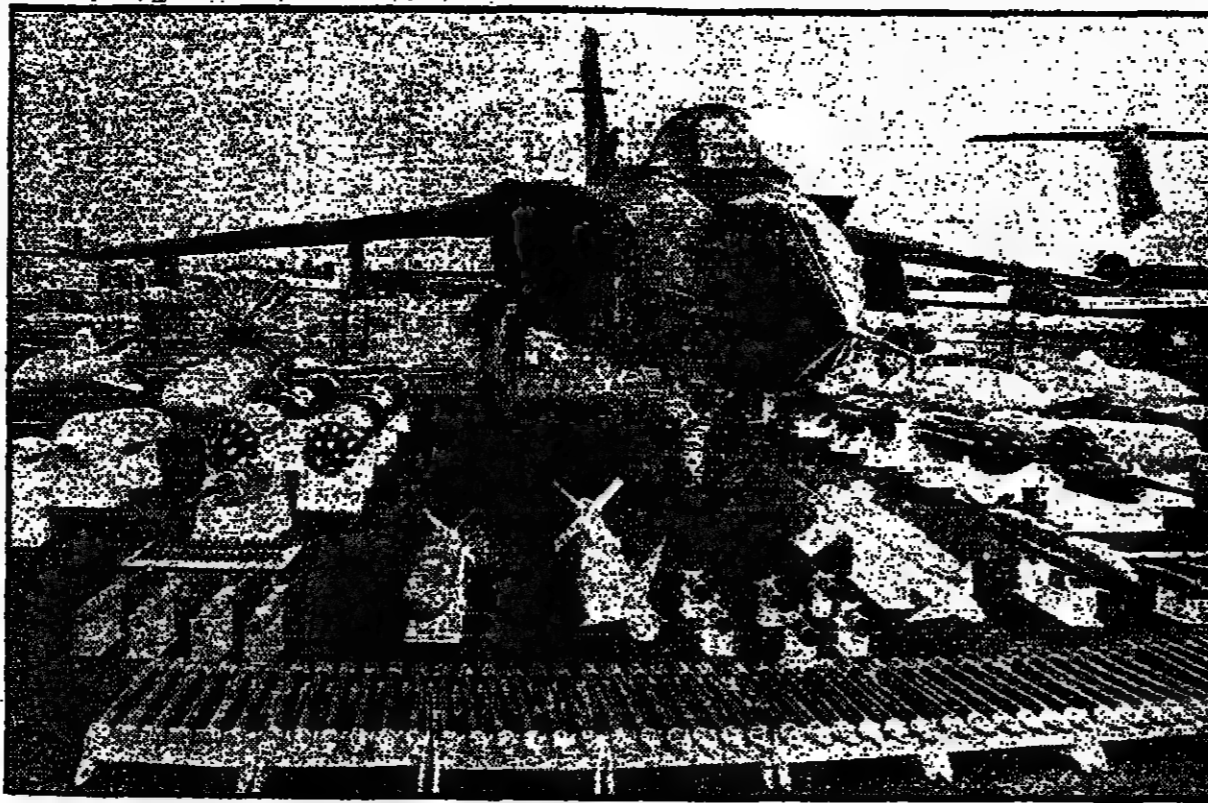
The West German aerospace industry would be able to take on and accomplish such contracts in both military and civil sectors entirely in its own technological right.

The industry has developed its potential with two of the most advanced and important aircraft projects in world aerospace today—the three-nation multirole combat aircraft (MRCA), now called the Tornado, and the five-nation European A300 Airbus.

In both these projects, West Germany is closely associated with the British aircraft industry, and there is little doubt that much of the German industry's new-found skill has come from this direction.

The third partner in the MRCA project is Italy, and each of the three countries will have its own assembly line for this advanced fighter-bomber, with its variable-geometry wing and top speed well over twice that of sound. This is to form a main plank in the inventories of all three air forces from the early 1980s.

A lengthy period of research and development on the Tornado is well under way (the first of nine prototypes flew in 1974).



The German-British-Italian Tornado, which has provided important work for the German industry.

and full-scale production is being planned between West Germany and Britain. The long-term plans are for the West German Air Force to have a specification for a lighter, smaller fighter for the 1990s based on the lessons learnt from the MRCA programme, and this could well be developed between the two countries.

West Germany is the important partner both financially and technically with France in the European Airbus project, Holland and Spain being the other partners at government level, with Britain making the wings as a commercial venture. The West German industry makes large sections of the fuselage, which

are then shipped to Toulouse for final assembly.

The Airbus is working well in service with the airlines, which include Lufthansa, the West German national carrier. Sales are slow, but Airbus Industrie, the five-nation consortium, has "captured" nine airlines around the world, all of which will come back for more Airbus in the future.

As in the case of the Tornado military aircraft, West Germany is almost certain to be involved in developed versions of the Airbus in the future.

Two other international projects in which the aircraft industry has played an

important role are the 40-seater VFW-Fokker 614 airliner, easily distinguishable in flight because its twin M45H jets, developed by Rolls-Royce and Snecma (the French aero-engine company) are mounted on top of the wings, and the Alpha Jet military trainer, which Dornier has developed with the French firm Dassault-Breguet.

West Germany is developing its own helicopter with the MBH BO 105 helicopter, a six-seater utility machine which is beginning to sell around the world.

The author is Air Correspondent The Times.

ENGINEERING

Sudden decline reflects fragmented nature of industry

Cook

curiously like the end of the West German engineering industry in 1977, years of slack machinery exports and biggest slump in the

previous year. For the whole of 1976 the industry was 12 per cent with all the growth coming from abroad. Disappointment was not long in coming, however. The January figures showed a disastrous 77 per cent slide in total orders, showing that home and foreign demand for machinery was still unstable and pouring cold water on hopes of an upturn in industrial spending of capital goods.

The next two months showed some improvement, but the latest April statistics have come as a further unwelcome shock for the industry. New orders were down by a total 17 per cent on the previous month and only 1 per cent up on the level of April, 1976. According to the German Machinery Manufacturers' Association (VDMA), turnover in real terms during the first four months of 1977 was 2 per cent lower than in the same period of last year.

This jerkiness illustrates the highly fragmented nature of Germany's mechanical engineering sector, which last year earned a record DM 38,000m surplus on its foreign trade, slightly better than the figure recorded for the whole economy. Its 1976 exports rose a modest 11.4 per cent to DM 52,000m, while imports moved ahead more smartly at 16.4 per cent to reach nearly DM 14,000m.

The industry's turnover rose by about 8 per cent

during 1977 to DM 92,000m, almost level pegging with the chemical branch, which had a boom year after suffering in the recession. Production was also 8 per cent higher at DM 84,000m, though price rises seem to have made up at least half of the increase.

Progress within the 38 different branches of the VDMA, which has some 3,000 member firms, varies widely. About 180 firms have gone out of business in each of the past few years, and the labour force has gone down from more than 1,200,000 people in 1973 to 1,060,000 last year. The industry began 1977 with more than 30,000 workers on short time, though this was far less than the 140,000 affected the previous year when the industry was doing its best to clamber out of the recession.

Altogether, new orders booked by the industry went up by 7 per cent last year. Yet demand from German customers showed a real 10 per cent drop. This was offset by a 22 per cent jump in foreign orders, including a spectacular boost from some large orders, including those for power stations from the Iranians.

Without these, however, foreign orders were up by a real 10 per cent. The VDMA said that these figures showed, in its end of year assessment, the investment activity was still too slack to be viewed as self-sustaining. Moreover, companies were also subject to intense competitive pressures and had been hit by rising costs.

But if the short-term outlook is hardly attractive for the country's engineering firms, except for the big ones like Gutehoffnungshütte and its subsidiary MAN, which benefit from orders from oil producing and Eastern block countries, what are the prospects in the longer term? Clearly, the industry is having to adapt to meet the competition in standard machinery products from lower-cost nations, with its sales to the industrialized countries of the West falling as a proportion of the whole.

As a result, companies are realising more and more that their future lies in the complex technological potential of computerized control systems which allow a more flexible approach in turning out products for individual customers. The Japanese and the Americans long ago realized this: their use of numerically controlled machines is well ahead of that in Germany, even though there is no apparent gap in technological knowledge.

One reason for the Germans' delay in waking up to the value of numerically controlled machines is the bewildering pace of innovations coming on to the market. Since most of the engineering firms—especially those in the highly export-dependent machine tool sector, the biggest of the 38 branches of the VDMA—are small and undercapitalized, their research efforts are often inadequate and ill-defined.

Even so, more and more small companies are turning

to numerical controls, which make it easier to switch between orders of differing specifications and enable machinery to be used more fully. There are at least 5,000 numerically-controlled machines in use in Germany, though there are no exact figures available. Most of these are jathes, and leading makers of numerically-controlled equipment, such as Siemens, which is partnered by Japan's Fujitsu Fanuc, and AEG, report an encouraging surge of interest among firms with fewer than 500 employees.

Tailoring its products to meet the ever more demanding requirements of other industries is obviously of key importance for Germany's mechanical engineering sector, which exported 52 per cent of its output last year. For machine tools alone, the share going to foreign customers was as high as 72 per cent. But VDMA is worried by the gradual decline in the importance of Western markets.

In 1973, EEC countries bought nearly 41 per cent of Germany's total machinery exports. But this has fallen to less than 35 per cent by last year. The United States now accounts for less than 5.5 per cent against more than 6 per cent three years ago. Industrialized countries still buy nearly two-thirds of German machinery exports, but their share is not expected to rise again in the next few years, and could even drop further. Since home demand especially with the economy's present sluggish progress, can never suffice to take up the slack over the whole industry, this is an obvious cause for concern.

A healthy slice—more than 10 per cent—of the industry's exports goes to the Comecon block, but growth has slowed recently, the margin of profit is often minimal or non-existent, and there is always the question of barter, which the East is becoming keener on as its foreign exchange problems grow more acute.

Business with Opec has certainly been booming and last year exceeded business with communist countries for the first time, rising by 34 per cent to just below DM6,000m.

What troubles the VDMA is that few Arab oil producers are likely to be able to build up capital goods industries to match those of Eastern Europe or the West. This means that makers of heavy equipment like building machinery and pumps stand to benefit most from Opec orders. The key machine tool branch, which does a good deal of business with Comecon, has less of a role here.

German engineering firms do good business with the developing countries too—almost DM6,000m in 1976—but many of these are emerging as potential competitors in the low-cost standard machine products. The challenge for the industry is clearly how to meet such problems at a time of lacklustre economic growth at home and continued uncertainty in such important markets as Britain, Italy and France.

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CHEMICALS

Two troubles mar generally healthy picture of crucial industry

by Roger Hardman

The world's three largest chemical companies are West German, and the chemical industry is of crucial importance to the West German economy. Over the past 10 years it has grown at over twice the rate of the gross domestic product of West Germany generally, and half as fast again as the United Kingdom chemical industry. Profits for the BASF and Bayer, combined companies concerned are good, output per employee is high, labour disputes are rare. Yet, for all that, the West German chemical industry is by no means trouble free.

It has two main problems. One stems from having too large a social conscience. The other has its roots in the present high value of the Deutsche mark in world currency markets, which

might now start restricting the growth of West German chemical exports.

In terms of pay and fringe benefits, West German chemical industry employees are the best treated in the world. The tendency of enormous chemical complexes to dominate employment prospects in the surrounding area, and a feeling of great responsibility by the companies to their employees in times of recession, led the German big three (Hoechst, BASF and Bayer, combined companies concerned are good, output per employee is high, labour disputes are rare. Yet, for all that, the West German chemical industry is by no means trouble free.

In 1975 the average worker-hour in the West German chemical industry cost \$7.20, against \$7.12 in the United States and only half that in the United Kingdom. The West German Chemical Industry's Association sug-

gests that 1975 saw 58 an hour, with 1977 heading for almost \$9 from the look of the latest round of wage settlements.

Now, wages are not as crucial a factor in the chemical industry as say, in engineering. The industry is capital intensive and a modern automated petrochemical plant needs few people to run it—considerably fewer, in fact, in West Germany than in the United Kingdom would need. Labour costs in West Germany soak up only 19 per cent of sales income.

Even so, this illustrates that the chemical business, in common with the rest of West Germany, is finding that the nation's economic success over the past 20 years is now bringing some complications in its wake. The complications are made all the more perplexing because the West German companies tradi-

tionally look after their workforce more carefully than companies in the United Kingdom or the United States.

The synthetic fibre business provides a good example of this. While, by reducing labour forces and closing plants, companies such as ICI and Du Pont in the United Kingdom and United States have now managed to get their synthetic fibre operations working at a profit once more, the German companies are still losing significant sums of money. At Hoechst, the worst hit of the big three, losses in fibres amounted to DM 35m in the first quarter of 1977, and at one time business was so bad that everybody in the fibres division from its managing director downwards took a 20 per cent pay cut and worked a four-day week.

Hoechst derives 9 per cent of its business from fibres and is understandably

the most worried of all the companies by the fibres problem. It is the only company to have followed, belatedly, the American example and try plant closures as a means of solving over-capacity. Yet its one attempt at closure, in April, created a political uproar.

Hoechst wanted to shut down part of its plant in Berlin, where two-thirds of the workforce was producing only 40 per cent of the output. In true German style it offered all Germans jobs at other Hoechst plants elsewhere in Germany, and later even extended this offer to the Turkish guest-workers.

Even so, the Government was deeply upset and a bitter dispute flared in the German newspapers between Herr Rolf Sammet, the Hoechst chairman, and members of the administration.

It is possible to argue that Berlin is an exceptional case. Economically it is selling. Every job that moves from the city into the main part of West Germany reduces the logic of the area as an economically and politically viable unit. Yet in almost every major chemical manufacturing centre unemployment would create serious local problems. At Ludwigshafen, for instance, BASF employs 50,000 people in a plant three and a half miles long by one and a quarter miles wide, that is served by no fewer than three railway stations. The Hoechst plant near Frankfurt almost wraps itself around the town of Höchst.

Its protective attitude towards its workforce has had a considerable bearing upon the high price of its chemical exports in world markets. For with the provision of new jobs having been of primary concern, the industry has tended to build new plants in Germany rather than overseas, and to rely on direct exports for its dominance of world markets. Almost 40 per cent of the industry's output is exported, against 24 per cent of the United Kingdom and three times as much as Holland, over twice as much as France and over three times as much as the United Kingdom.

Industry output is still expected to grow at between 7 and 8 per cent this year. The major companies are confident enough to be investing between DM 5,000m and DM 6,000m in new plants for 1977. A mere 25,000 employees, 2.5 per cent of the total national workforce, will still be producing 9 per cent of the nation's gross domestic product and, according to which definition you use, anything up to 16 per cent of the chemical output of the market economy countries.

However, the nuclear energy programme is by no means at a standstill. Fourteen stations are in operation (although nine of these still require final approval), 12 are being built and eight others are in the planning stage. If, as expected, annual economic growth remains at about 4 per cent until 1985, energy needs should be met.

According to this prognosis, primary energy needs will rise from 347,700,000 tons in 1975 to 496m tons in 1985—an average annual growth of 3.6 per cent. Productivity in West Germany is expected to grow in the long term by at least 3 to 4 per cent a year. Should economic growth lag behind the increase in productivity, the unemployment problem would be greatly aggravated (for every percentage point that growth lag behind productivity some 250,000 jobs would be lost). Nor could the financing of social security schemes be maintained without an adequate rate of growth.

The Government has reminded the citizens' action groups, so far without success, that economic growth and therefore security of em-

ployment, depends on an adequate supply of energy being available.

Herr Hans Matthöfer, the federal Minister of Science and Technology, claims that there are no essential differences between the risks involved in the production of nuclear energy and those contained in other, non-nuclear technologies.

He and the Government are adamant that West Germany must have nuclear energy, and that West Germany must retain the right to export its nuclear plant and technology to less developed countries.

For this last reason Bonn has stood firm against American opposition to the agreement under which West Germany has undertaken to supply eight nuclear power stations, and indeed the entire nuclear fuel cycle, to Brazil. West Germany has exported, or is exporting, other reactors to Argentina, Mexico, the Netherlands, Austria, Switzerland and Spain.

Throughout the world, China excepted, there were 168 nuclear power stations in operation at the middle of 1976. 195 were being built and 152 were on order. The United States is the biggest exporter of reactors, followed by West Germany, France and Canada.

The Government points out that the highly specialized nuclear power industry depends on being constantly operational. A long period of inactivity would have serious consequences not only for the 25,000 people already employed in the industry, but for the many thousands working in ancillary branches. It was economically and politically imperative, the Government says, that the nuclear energy industry should have sufficient orders to enable it to keep pace with the latest technological developments and to ensure that West Germany remained a res-

source of jobs a

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NUCLEAR POWER

Government firm on energy plans despite public protests

by James Hutchinson

In the past few years West Germany's nuclear energy programme has been cut back by a third, largely because of a campaign by Bürgerinitiative (citizens' action groups), who claim that atomic power entails a risk too big for responsible people to take.

Three and a half years ago, in the first revision of the energy policy programme, the Government stated that it would be necessary to install 20,000 MW of nuclear power by 1980—equal to a share in electricity generation of 25 per cent—and 45,000 MW by 1985. A more desirable target, it was said at the time, would be 50,000 MW, supplying 45 per cent of electricity needs.

A new revision of the programme has been promised for this summer, but it is already clear that at most a capacity of not more than 30,000 MW can be expected by 1985. Reliable forecasts are impossible, since so many uncertain factors are involved. A crucial question, still to be resolved, is the siting of a plant for reprocessing nuclear fuel elements and storing atomic waste.

The only site of the Federal Republic geologically suited to accommodate such a plant is Lower Saxony, because of its subterranean salt dome structures. After much hesitation the state Government suggested that the only suitable site was at Gorleben, near the East German border. The Federal Government had proposed other sites, but has not turned down Gorleben out of hand. Investigations on Gorleben's suitability are now going on, but even assuming that there are no big hitches, it would be well over 10 years by the time the plant was fully operational.

However, the nuclear energy programme is by no means at a standstill. Fourteen stations are in operation (although nine of these still require final approval), 12 are being built and eight others are in the planning stage. If, as expected, annual economic growth remains at about 4 per cent until 1985, energy needs should be met.

According to this prognosis, primary energy needs will rise from 347,700,000 tons in 1975 to 496m tons in 1985—an average annual growth of 3.6 per cent. Productivity in West Germany is expected to grow in the long term by at least 3 to 4 per cent a year. Should economic growth lag behind the increase in productivity, the unemployment problem would be greatly aggravated (for every percentage point that growth lag behind productivity some 250,000 jobs would be lost). Nor could the financing of social security schemes be maintained without an adequate rate of growth.

The Government has reminded the citizens' action groups, so far without success, that economic growth and therefore security of em-

ployment, depends on an adequate supply of energy being available.

Herr Hans Matthöfer, the federal Minister of Science and Technology, claims that there are no essential differences between the risks involved in the production of nuclear energy and those contained in other, non-nuclear technologies.

He and the Government are adamant that West Germany must have nuclear energy, and that West Germany must retain the right to export its nuclear plant and technology to less developed countries.

For this last reason Bonn has stood firm against American opposition to the agreement under which West Germany has undertaken to supply eight nuclear power stations, and indeed the entire nuclear fuel cycle, to Brazil. West Germany has exported, or is exporting, other reactors to Argentina, Mexico, the Netherlands, Austria, Switzerland and Spain.

Throughout the world, China excepted, there were 168 nuclear power stations in operation at the middle of 1976. 195 were being built and 152 were on order. The United States is the biggest exporter of reactors, followed by West Germany, France and Canada.

The Government points out that the highly specialized nuclear power industry depends on being constantly operational. A long period of inactivity would have serious consequences not only for the 25,000 people already employed in the industry, but for the many thousands working in ancillary branches. It was economically and politically imperative, the Government says, that the nuclear energy industry should have sufficient orders to enable it to keep pace with the latest technological developments and to ensure that West Germany remained a res-

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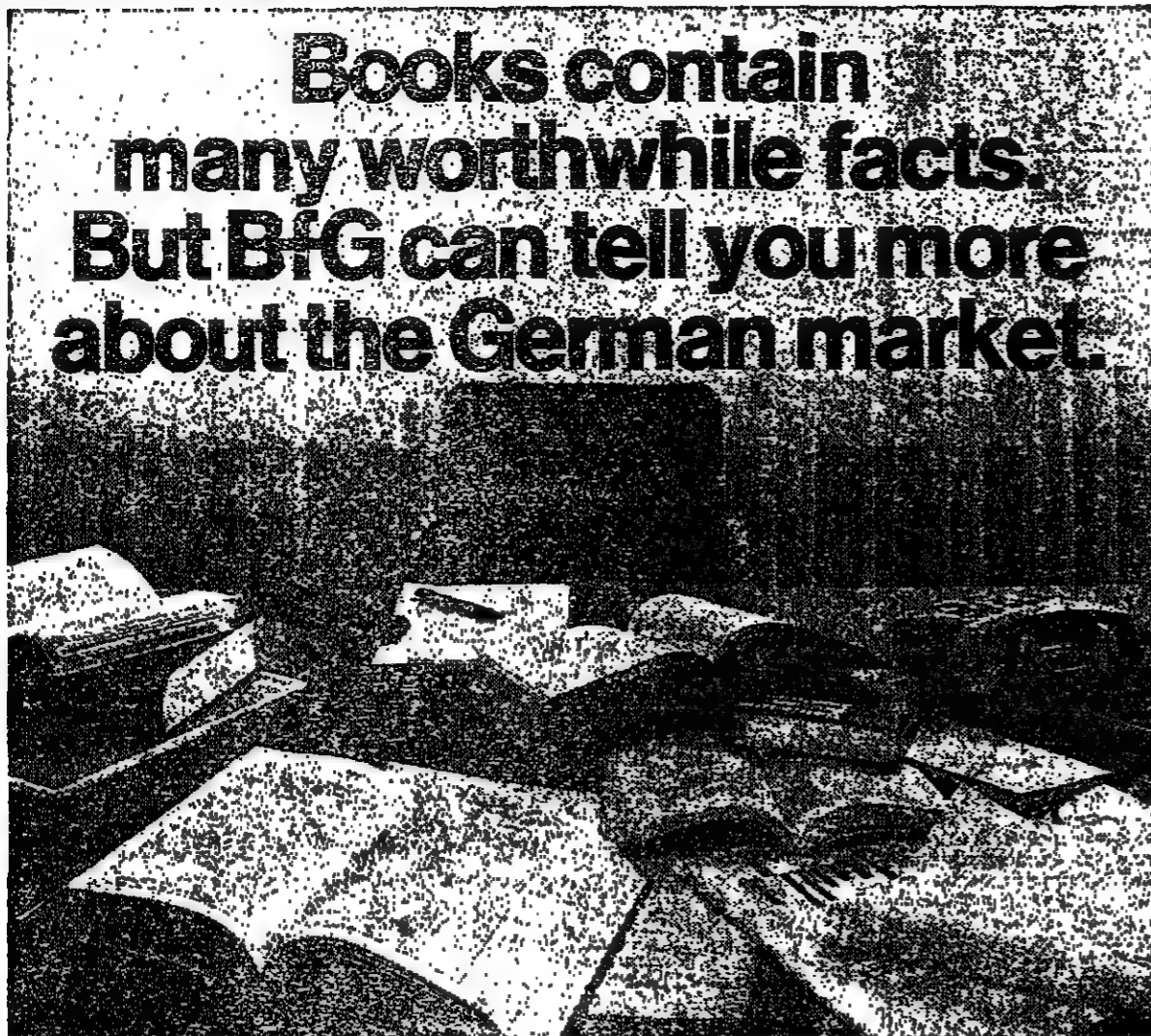
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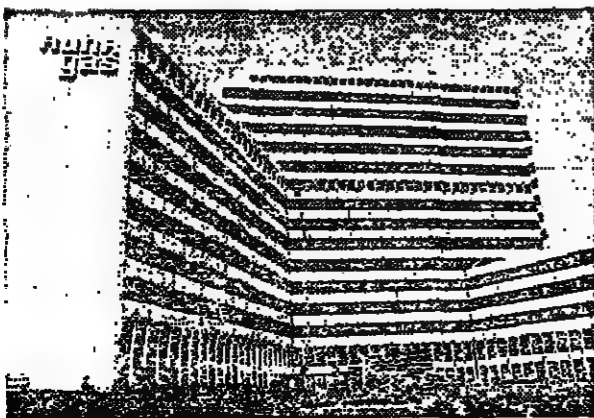
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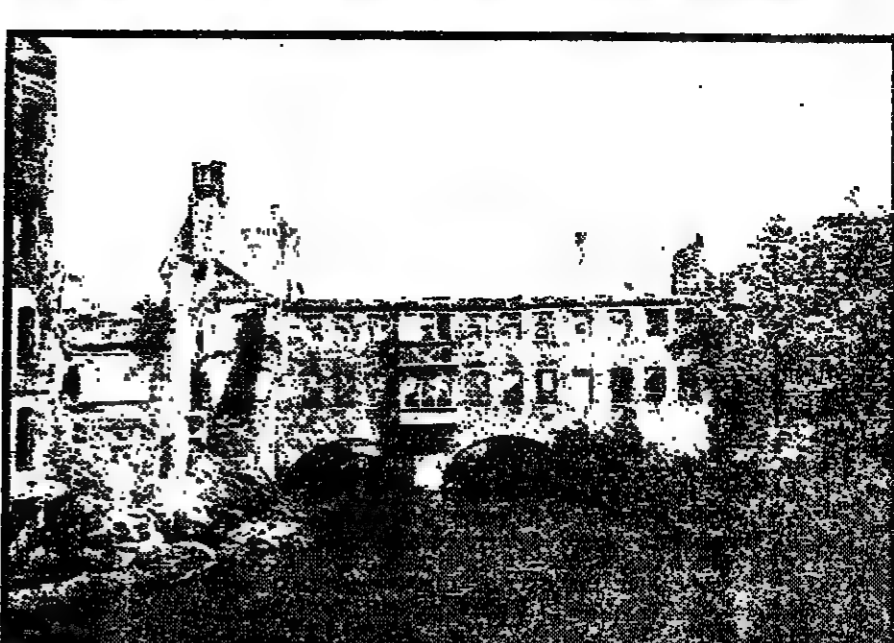
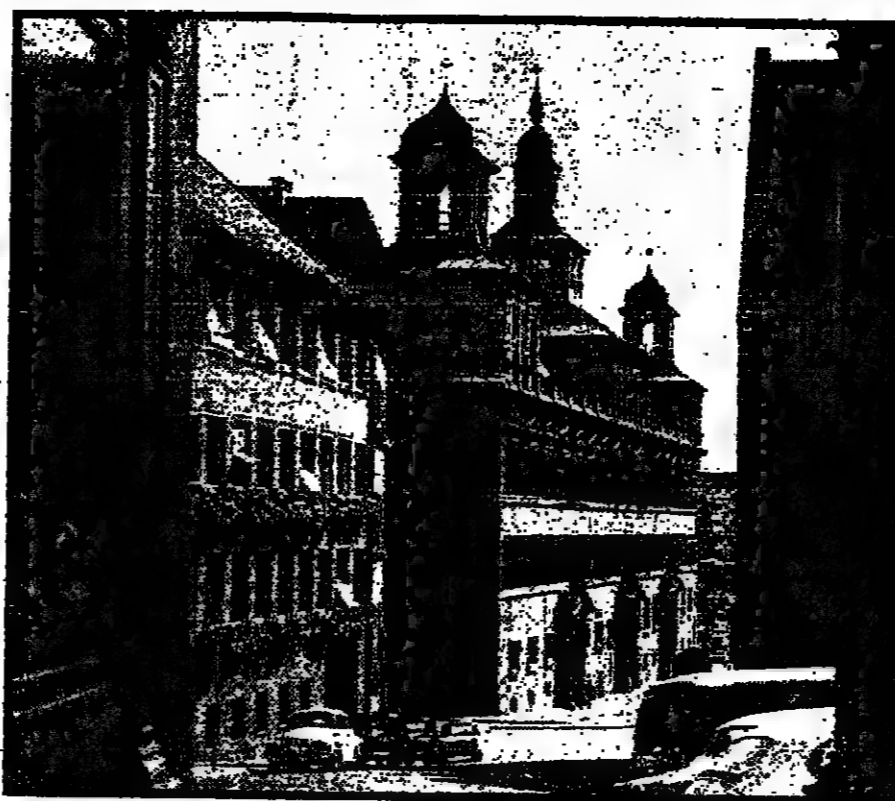
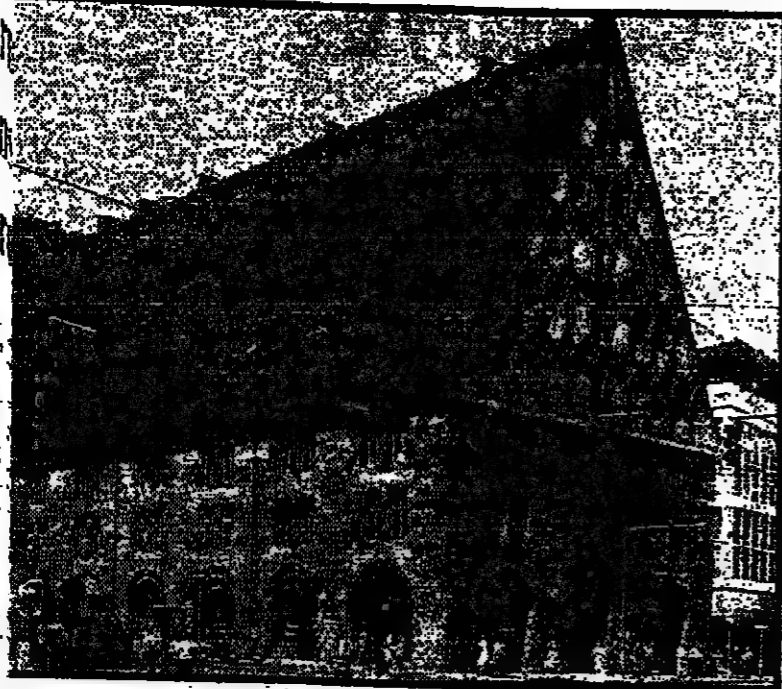
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war rebuilding of Nuremberg, now almost complete, is one of Europe's most outstanding conservation programmes. Three well-known buildings, shown before and after restoration, Mauthalle, a former granary transformed into shops and a restaurant, the old town hall (centre) and the Holy Ghost Hospital (right).

New quality of life built on city's ruins

by Weston

In 1945, the old of Nuremberg of the city with streets, half-houses and as 80 per cent a massive bomb-subsequent years new flowering of stone that claims divide as the fire engine, the the arrested.

Trade links came—Dresden, and Poland. sent out off by st presence, the situation seemed. Under the way 12 million of stone and deposited out- and are now slopes.

Recent times has able to assess construction has quality of life uberg. In spite pressures both basic necessities promise for the economic gain, a given immense ways in which the could come to modern living. was narrowed ices: to build the spirit of the old narrow streets; a original char-build high-rise Frankfurt; or acceptable path two.

plan would up of the nar-o take account affic conditions, rity to restoring vibrant building castle, the walls s and would try medieval flavour was left. opted for a total, while a group re all else. Con- lated in the adop- last choice, and which began in almost complete, 1977,000m. construction plan o be one of the sful pieces of work in perhaps because testation period, s been greatly outside Ger- Andreas Ursch- Lord Mayor of for the past 20 resided over this t it is the city's (chief architect), eter Görl, who, control of the pre-tation only was associated piled execution before that. says that retain- city's medieval spends on limit- tific to certain tertain areas. A ng roads speeds with the German system, and the of the Rhine- canal, which



The Kaiserstrasse, completed this year, has been rebuilt as a pedestrian area.

will connect the North Sea and the Black Sea in the 1980s is expected to relieve Nuremberg, through which it passes, of much commercial traffic.

This does not mean that the old city is to become a museum. On the contrary it has become a communications centre with 3,000 shops, administration, housing and leisure activities.

In 1967 work was begun on an underground railway and the first line, from the new town of Langwasser on the outskirts, has reached the old walls. As the line began to operate under the old city, other public transport will be phased out and pedestrian ways will continue to extend their long fingers from north to south and east to west on a scale that is already the envy of many other European cities.

Peasantry efforts have been made to slot pockets of greenery among the red sandstone walls, which it enhances. Many of the planning areas are alongside the river Pegnitz, which bisects the old city into northern and southern sections.

Ultimately a 30km continuous river walk will extend right through the city. Some houses have been removed to make way for this route, which in places runs under newly constructed colonnades.

Although many of the narrow lanes have vanished, newly constructed streets follow the lines of the originals as far as possible. The end of Dr Urschleuter's office in the town hall was sliced off to widen the lane beyond.

Her Görl believes it is wrong to adopt a restoration programme that incorporates all the original faults and the changes that have taken place over the years. He prefers to interpret the original architecture for present-day use. Mistakes are acknowledged. An initial tendency to over-simplify reconstruc-

ted buildings has resulted in monotonous rows of windows and rooflines that are too long and unbroken in spite of their traditional Franconian pitch.

The unfortunate construction of a faceless warehouse in a shopping area resulted in municipal caution when plans for another were presented recently. This time the applicants were told they could have their warehouse provided it was built inside a block of old shops which, with their accommodation above, must be restored in the same operation.

The warehouse would not then be visible to the general public, since no building in the old city may be higher than seven storeys.

The planners' sense of space and scale has become more refined. The main market place still has a medieval flavour even though only one old building, a church, has survived. The medieval character of narrow lanes has given way to twisting paths, steps, changes of level and subtle variations in paving, cobbles and other surfaces.

The rebuilding of the old Kaiserstrasse as a pedestrian precinct completed this year, is a source of great pride. This wide gently sloping and curving avenue, lined with expensive shops, is now the most sought after residential area. Young and mature trees, variations in lighting fixtures, restrained shop signs and an unusually high standard of design are important aspects of this development.

The castle stands at the highest point, against the northern wall, and the area below it has been singled out for special treatment with an accent on culture. Studios for artists and housing for students are intended to complement the antique dealers in the streets close to the house once occupied by Dürer, whose prints were sometimes the only surviving documentation on buildings destroyed in the war.

Near by a half-timbered house in the Krämergasse has been beautifully restored by the Friends of Nuremberg, an effective pressure group formed to combat some of the more glaring errors in the early phases of the conservation programme.

One of its self-imposed tasks is to alert the attention of owners of old houses to the presence of half-timbering behind their plastered façades. A number have been uncovered as a result.

An essential part of the conservation programme is to find new uses for unwanted buildings. The medieval Holy Ghost Hospital, straddling the river, and parts of the old wall have been turned into old peoples' homes.

A large grammar is now a youth hostel and another became a customs house before ending up as shops and a restaurant. Some of the city's fine collection of towers serve a variety of cultural purposes; one in a shopping precinct makes a handy police station.

The sense of historical perspective which the administration has shown so brilliantly in its treatment of the old city contrasts with their total neglect of an area to the south-east also rich in historical associations.

A vast tract of land was set aside in 1933 for the benefit of the Nazi Party whose rallies were to be held there "for all time".

The plans and the buildings that survive are of Roman grandeur. Motor-racing now besets the Zeppelinfeld and footballers ignore the 350 metre tribune where Hitler once harangued his followers.

One day perhaps the city will put aside its dramatic past and could use the site as a Nazi museum and even an evocative site for son et lumière reproducing the voice of the Führer himself — an idea which present generations would find grossly distasteful.



A strong force in international banking - and still growing.

WestLB records another successful year in 1976, international growth continues to gain momentum.

Consistent with its customer oriented, long-term concept, WestLB further extended its international base and substantially strengthened its market position during 1976.

A full-service branch was established in Tokyo complementing successful operations in London, New York and Luxembourg.

Representative offices were opened in Rio de Janeiro and Hong Kong — both financial centers in rapidly expanding market areas.

In syndicated Eurobonds WestLB was able to enhance its established position. It managed and co-managed 69 loans with a total of DM 15.6 billion or US \$ 6.7 billion.

At the same time, the Bank lived up to its reputation as a leading issuing house in the Eurobond market. During 1976, WestLB managed or co-managed an impressive 91 DM-issues out of a total of 62 floated. In addition, it was in the management of six private placements out of 26. In other Eurocurrency issues the Bank was in 54 management groups and participated as underwriter in a total of 183 issues.

International commercial banking activities increased substantially in tune with an upturn in foreign trade by German customers. Needs for currency hedging by exporters and importers stimulated the Bank's foreign exchange transactions.

Financial highlights of 1976 were the steady growth reflected in the consolidated Balance Sheet Total, up 7.4% to DM 72.9 billion and the increase in the Total Group Business Volume which reached 101.6 billion.

The Bank's capital funds were raised by DM 180 million up to DM 1.9 billion. The year's surplus was DM 296 million before tax, and DM 133 million after tax.

Main domestic developments were a 21.4% increase in short-term (up to 4 years) customer deposits and an impressive rise in export credits of 56%, as a result of the Bank's ability — due to favorable interest trends — to lend long-term at fixed rates for large projects abroad.

There was only limited growth in short and medium-term industrial credits due to the high liquidity of corporate customers. Long-term lending, however, was up slightly by 7%.

The Bank raised DM 4.5 billion through the issue of its own bonds and DM 1.1 billion through CDs, thus documenting its excellent and growing funding base, both domestically and abroad.

The Bank's major participations achieved good results and broadened the service facilities of WestLB even further: WestLB International S.A. Luxembourg, enjoyed an excellent year with a 51% growth in the Balance Sheet Total which now stands at Lfrs 75.8 billion. The shareholding in Banque Franco-Allemande S.A., Paris, was increased. This bank concentrates its activities on serving WestLB's customers in France.

Banco da Bahia Investimentos S.A. in Brazil offers customers access to local currency while Asian International Acceptances & Capital Ltd. (ASIA) in Hong Kong extends WestLB's service facilities in the South East Asian market.

WestLB is a founding member in Oric Group and in Libra Bank.

1977 has brought a further increase in demand for WestLB's high quality financial services, both at home and abroad.

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Organization of the Sparkassen, Landesbanken/Girozentralen in the Federal Republic of Germany



Public Savings Banks

The German savings banks (Sparkassen) are legally and economically independent credit institutions. They are communal savings banks operated under public law. The business of a savings bank is directed by its managing board. Their tasks and activities are laid down in the articles, which allow the savings banks to do all usual banking business for their customers. Transactions for their own account are subject to some limitations to secure the deposits, e.g. savings banks are not allowed to acquire securities out of their own funds.

The savings banks offer all services of a modern banking institution. Their services are available to every private individual, every business enterprise and every local authority. The following are the most important forms of business transacted: the acceptance of all types of deposits; credit business of all kinds; encouragement of the acquisition of personal property; settlement of cashless payment transactions and all other types of banking services, e.g. transfers to payees in Germany and abroad; collection of debts, bills and receipts; execution of cheque transactions and issue of cheque cards; purchase and sale of foreign currency and travellers' payment media caring for the need of customers in the field of foreign trade transactions.

At the end of 1976 there existed in Western Germany 650 savings banks head offices with more than 18,000 branches.

Savings Banks Associations

The savings banks of each federal state are united in regional Savings Banks Associations. The tasks of the regional Savings Banks Associations are, among other things, to represent the common interests of the savings banks; to offer information and advice to the members of the Associations in all matters of savings banking; to train staff members of the savings banks and to further their professional education; to examine the handling of business and the balance sheets of the member savings banks. At the head of the regional Savings Banks Associations is the Deutsche Sparkassen- und Giroverband in Bonn (German Savings Banks Association). It is the centralised representative of savings banks interests and corresponds to the savings banks associations on the regional level. It is the spokesman of the savings bank system in the public sphere and also to the Federal Government and parliament. Through its board and committees it influences the co-ordination of the savings banks and Landesbanken/Girozentralen, which are also its members.

Landesbanken and Girozentralen

The 12 Landesbanken and Girozentralen in the Federal Republic of Germany are operating under public law. Like the savings banks. The business is directed by a managing board and the general management is supervised by the board of administration.

The Landesbanken and Girozentralen are the central banks of the savings banks. They act as clearing houses for the savings banks' national cashless payments. They hold the liquid reserves of the savings banks within their area of activity and effect the regional balancing of funds among the savings banks. Moreover, the Landesbanken and Girozentralen transact all customary banking business, e.g. granting short, medium and long-term loans to industry, commerce, trade and public authorities; in many cases they provide loans jointly with the local savings banks.

The Landesbanken and Girozentralen are entitled to make issues. They issue mortgage and municipal bonds. In addition to security and stock exchange dealings the services provided by the Landesbanken and Girozentralen include

foreign business in all its fields. To an increasing extent the Landesbanken and Girozentralen participate in international money and capital transactions, and, in particular, in the business of international financing.

The Landesbanken and Girozentralen assist the savings banks in their foreign business, for which purpose the maintaining of relations with foreign banks is of particular importance. On the other hand, the extensive network of branches of the German savings banks organization is utilised by foreign banks through the Landesbanken and Girozentralen.

The standard DM travellers' cheques of the German savings banks organization issued by the Landesbanken and Girozentralen and the savings banks show as drawees, Deutsche Girozentralen-Deutsche Kommunalbank, Berlin and Frankfurt am Main.

Building Societies

Along with the savings banks and the Landesbanken/Girozentralen there is a third group constituted by the 13 public building societies. These are institutions specialized in housing finance. Contractual savers with these building societies form their own capital which benefits in Germany from State premiums or tax-relief. The building societies grant loans to their customers at favourable rates of interest with which to finance the building or purchase of their own home and land.

Deposits and basic Capital Resources

In the Federal Republic there is a well-balanced structure of private commercial banks, co-operative banks and credit institutions operating under public law, with special and general functions. The biggest group among the credit institutions operating under public law is that of the savings banks (Sparkassen) and of the Landesbanken/Girozentralen. Every single deposit in these institutions is fully backed by a public guarantee. The guarantor for the savings banks is the respective local administration. The deposits of the Landesbanken/Girozentralen are guaranteed by their owners, who are usually the executive of the respective Lands of the Federal Republic and the respective savings banks.

The sources upon which the savings banks draw to set up their own capital is their net profit, after deduction of tax. The Landesbanken and Girozentralen draw their basic capital resources from the allocation of their profits to reserves and from the allocation of the guarantors, i.e. of the respective State Governments and of the regional Savings Banks Associations in those Lands of the Federal Republic. While the private banks are able to set up their own capital in different ways (issuing of new shares, participations) the savings banks (issuing of new shares, participations) the savings banks are prohibited by law from doing so. The basic capital resources of the Landesbanken/Girozentralen and of the savings banks are modest in comparison with that of the private banks.

But this is not detrimental to their business transactions because the guarantee provided by the cities, communities and states have a net worth function which cover the liabilities of the Landesbanken/Girozentralen and savings banks.

DEUTSCHER
SPARKASSEN- UND GIROVERBAND
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Gradually the green acres disappear

by Hugh Clayton

Similarities between the economies of West Germany and the United Kingdom encourage the belief that their agricultural structures resemble each other. The countries have high populations in terms of numbers and density. In the EEC food balance they are the most important importers of food and less significant as exporters.

Farming in each country faces severe pressure from industrial development and urban sprawl and some of the best land in each is sandwiched uncomfortably in green pockets and wedges that have not yet been covered with concrete. One of the most serious features of land loss in both countries is the high proportion of acres best suited for farming which are developed each year for other uses.

Superficial appearances are deceptive, however, and the farming structures of the two countries are quite dissimilar. The United Kingdom is always assumed to be an extreme example of overpopulation, but the proportion of its surface which is farmed is much higher than that of the Federal Republic.

Little more than half of West Germany is farmed, compared with more than three quarters of the United Kingdom, and a quarter of it is down to forest. Partition of the east after the Second World War lost the Federal Republic large acreages of potatoes, sugarbeet and cereals. That change in national agricultural structure, out of proportion to the change in population, helped to determine the rationalization plans of governments in Bonn.

In the past 25 years the farming population of West Germany has been cut by half and yields have risen sharply as they have in neighbouring countries. The Federal Republic is now the leading producer of pigs and potatoes in the EEC. It grows more potatoes than the Benelux countries and Italy put together and is now almost self-sufficient in them and in sugar.

Yet the country has one of the most highly fragmented farming structures in the EEC. Certainly a lower proportion of the people work on the land in West Germany than in France, the country which, at least in British eyes, is the stronghold of the fiercely independent family farmer with a minute holding.

A third of EEC farms of less than 10 hectares (27 acres) are in West Germany, however. That is the highest proportion of any member state except Italy. Less than a fifth of all farmland in the Federal Republic is on holdings of more than 50 hectares (125 acres), compared with two fifths in France and more than three quarters in Britain.

It is often not appreciated in Britain that despite the size, power and success of German manufacturing industry, its agriculture is more of a family affair than that of the United Kingdom. Successive green plans have brought growing order to a patchwork of small German holdings which are often broken into scattered fields.

The custom in parts of Germany has been for holdings to be split on the death of a farmer among his offspring instead of being passed intact to the eldest. Even today more than three quarters of those who are classed officially as working

on the land are farmers themselves or members of their families.

Many German farms are smallholdings run by families of which one or more members are also industrial wage-earners. The Government recognizes, however, that many who work the land know no other life. West German agriculture has grown much more capital-intensive in the past 25 years and yields have been raised with the help of genetic research and greater technical efficiency. Exports of foodstuffs have been achieved in the past three years, have set an example to the rest of Europe.

The output of the national pig herd has doubled since the early 1950s while the labour force on the land has fallen steadily. The Government has recognized the danger to the social fabric of an upheaval in the rural community. Its rationalization programmes have always included careful provision to provide alternative employment to those who leave the land.

There is another important way in which German agriculture is changing which holds a lesson for Britain. It is becoming much more export-oriented, partly as a result of the success of other EEC farmers in selling to the consumers of the Federal Republic.

In 1970 the Central Marketing Company for German Farming (CMA) was founded to promote sales of German agricultural products at home and abroad. It is financed by a levy taken at every link in the food distribution chain. The money is collected by local tax officials and administered by a committee of politicians with trade and consumer representatives.

CMA is therefore much more than a farming co-operative and it is much more than a marketing agency. It is one of the important forces in German agriculture and is seen as a model in Britain those who want to see something from the age of the British Agricultural Export Council: people want a new way of doing things which promotes a farm produce at home abroad.

Ten years ago almost only German farm produce in Britain was cheese. The small quantities of each which came from specialist shops. Now German butter and foods are available in thousands of British markets. West German beer, one of the fastest-growing based on the out domestic agriculture, proving a successful part of the British market.

Italy remains the top foreign customer. West German farmer enormous purchases meat and livestock account for more than half of its agricultural exports from the Federal Republic. Since Britain and mark joined the EEC in 1973 they have become important buyers of German food. Sales of German food last year were more than those to Austria or the United Kingdom.

Holland and France after Italy in the league table with Britain fourth place, ahead of Spain, which also exports food in value last year than in 1971.

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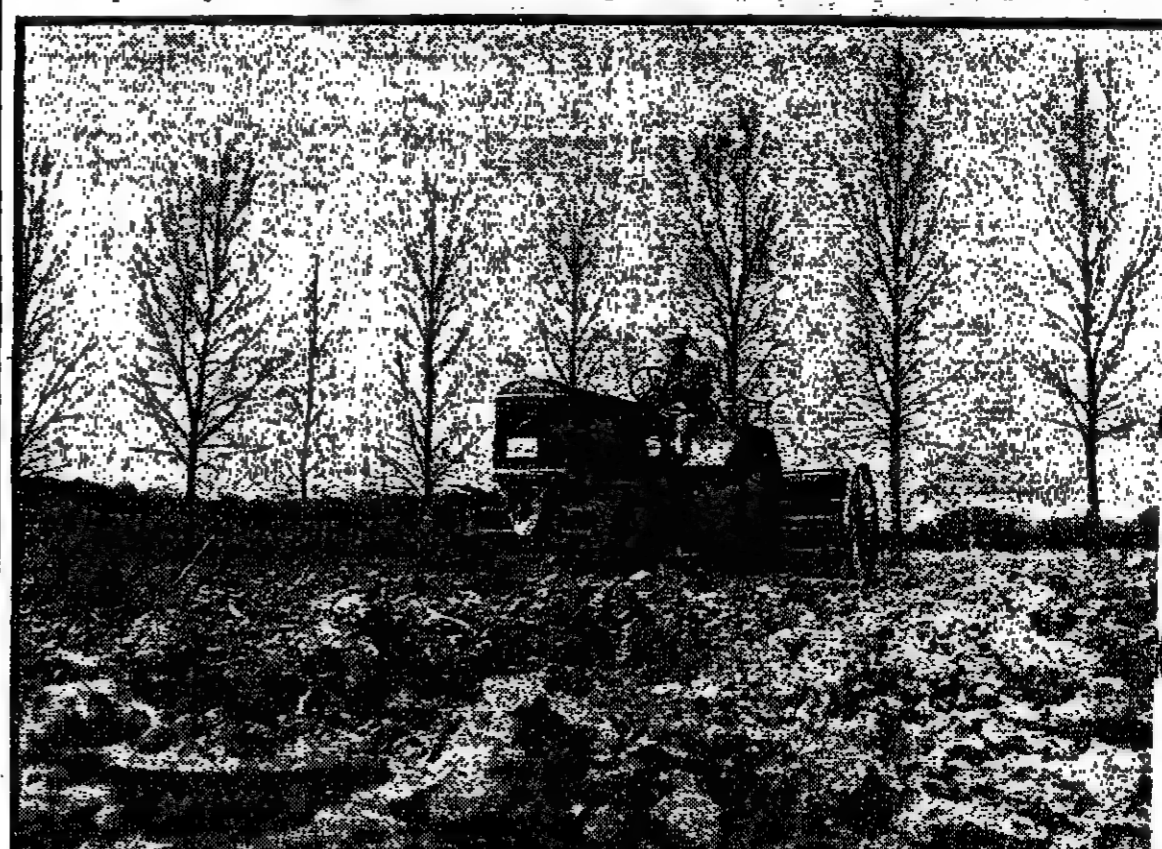
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The author is Agriculture Correspondent, The Times.



A third of EEC farms of less than 27 acres are in West Germany. Little more than half the country farmed and a quarter is down to forest.

Healthy two years for 'money supermarkets'

by Peter Norman

If the West German economy had performed as well over the past two and a half years as the country's main financial markets and institutions there would be little cause for despondency today in Frankfurt or Bonn.

The German Government's plan for overcoming recession and consolidating economic recovery has depended to a large extent on deficit spending. Although the strategy may not have achieved its principal aim of restoring full employment, the authorities, in cooperation with the banking system, have proved capable of financing public sector borrowings at an unprecedented size. Moreover, interest rates in Germany have been brought down to levels unknown since the late 1960s.

The record public sector deficit of over DM60,000m in 1975 and last year's large DM45,000m deficit were financed without difficulty. Although the public sector borrowing requirement remains high, the federal railways were able to float a bond issue with a nominal interest rate of only 6.5 per cent at the end of April this year. This return to the interest rate levels of the late 1960s would have been regarded as inconceivable only 12 months ago. But, more remarkably, the bond issue was fixed to run for a period of 12 years.

Bonds of this maturity were last issued at the beginning of 1973 and their reappearance on the capital market is an indication of how far Germany's success in bringing inflation down to an annual rate of under 4 per cent has been honoured by a revival of investor confidence. German banks are

offering every conceivable form of financial service. They are also significant direct investors in German corporations. These facts have in the past been used to support the contention that the banks exercise too much power over the economy. One of the incidental effects of the recession has been that public debate on the power of the banks has almost ceased.

At a time of high unemployment a strong banking system can be a positive advantage. Since the onset of the recession, the banks have aided over an unworldly number of fundamentally sound German companies through periods of temporary difficulty. It is perhaps significant that in the past 30 months, there have been fewer spectacular bankruptcies than big corporate rescues where the banks have picked up the bill.

Last year's takeover of Neckermann, the ailing West German mail order and department store group, by the branch leader, Karstadt, would have been impossible if Neckermann's banks had not been prepared to write off claims totalling DM180m against the company. It is also doubtful whether Karstadt would have taken on the task had not the Deutsche Bank and the Commerzbank each held more than a quarter of the company's capital. The takeover saved 20,000 jobs in the Neckermann group and an estimated 10,000 among its suppliers.

At present West German finances appear to be in an extremely healthy condition. Only in Switzerland are interest rates lower, but in contrast to Switzerland, German banking has not been racked by scandal over the

past few months. The fundamental harmony that exists in monetary policy between the Government in Bonn, the Federal Bank in Frankfurt and the country's banks—also the absence of any prospect of economic boom—suggests that there will be no foreseeable change. The Germans continued to be prodigious savers. Although the savings rate declined slightly from the record 16 per cent of 1975, West Germany's private households still managed to tuck away 14.5 per cent of their disposable income in various forms of saving last year, amounting to a huge capital surplus of DM106,000m.

About a quarter of this amount was channelled into housing-related savings. But most of the rest went either on direct purchases of fixed interest securities, and therefore mainly towards financing the public sector deficits, or through bank savings towards meeting the financial requirements of the state, industry and commerce.

The fall in interest rates also persuaded at least a part of the German public to borrow money. According to the Federal Bank, borrowings by private individuals doubled last year to about DM19,000m. This unexpected demand for credit pleased the banks, as it helped to offset the lack of demand from their traditional industrial clientele. The main beneficiary was the car industry, as spending patterns proved once again that the automobile is by far the favourite toy of the Germans.

The banks interpreted the sudden upsurge in demand for consumer credit as one more justification of their universal character. Unlike banks in Anglo-Saxon countries, banks in Germany

carry out all forms of under one roof, simultaneously the banks' investment banks, those of simple taking institutions, man wishing to buy stocks and shares automatically through a bank, which is also a significant part of its own right on the stock market.

There has also been strengthening of the German banking system since the disturbing 1974 when the Hers in Cologne collapsed, a short time case of the soundness of the country's banking structure. Customer confidence quickly restored an improved system of protection introduced by the Herstatt. Although one or two banks have gone to the wall in the past two years, depositors have a single mark.

In turn, bankers have been improved years of healthy growth and high profits. Last year's best banking year since the Second World War, and, although early last year, they were more than satisfactory.

However, the German's strong growth last year, to have led to genuine recovery has left the banks have been in vain for the corporate borrow would imply an willingness on the German business to

Similarly, the share markets have disappointed. Last year, expected to be a year for equities. Instead, out to be a record bonds.

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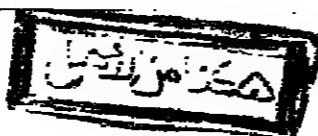
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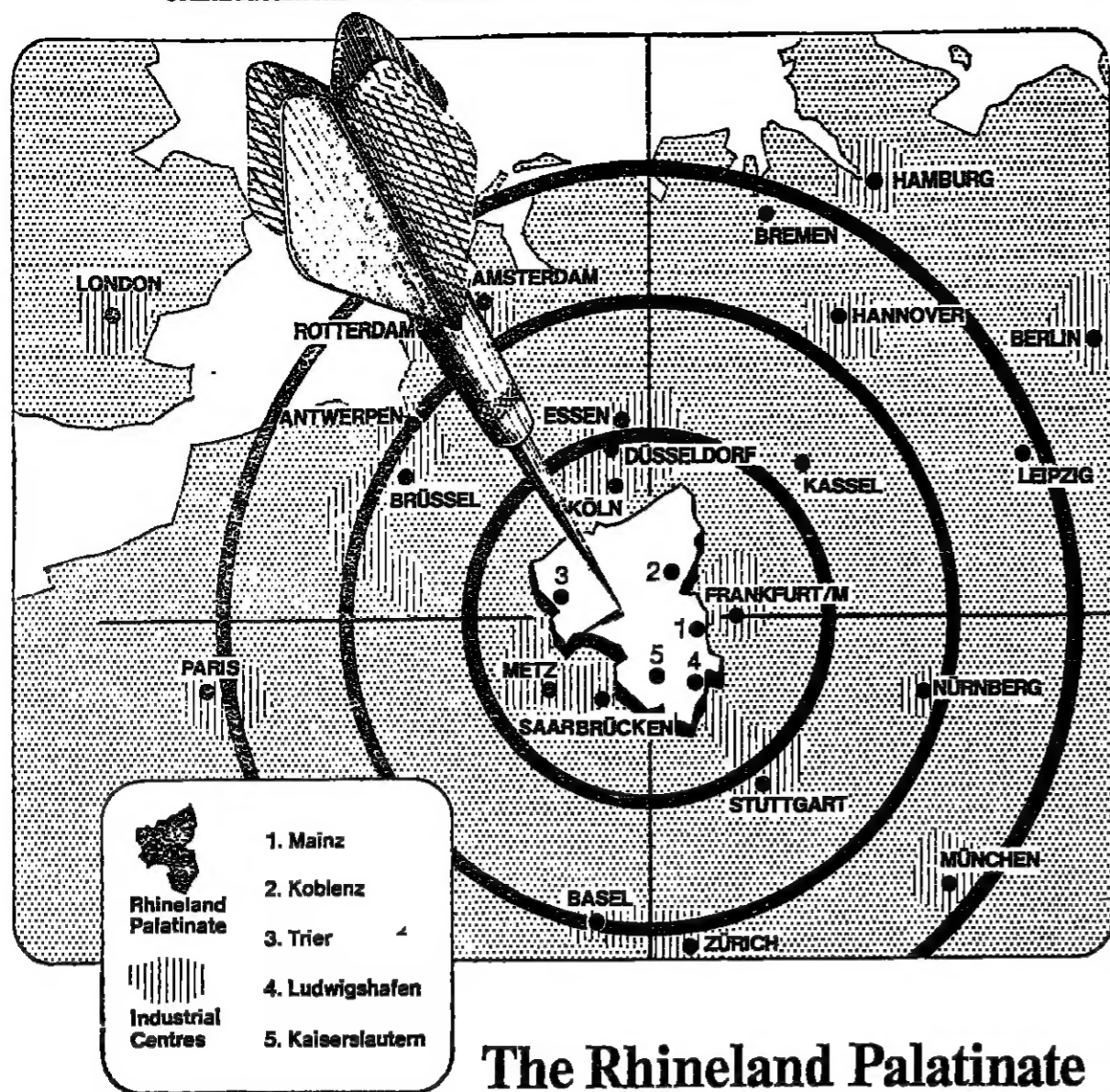
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Social services face a financial crisis

by Peter Norman

West Germany used to be justifiably proud of its social security system, which provides the citizen with security against ill health from cradle to grave.

Generous benefits ensure that unemployment no longer means individual financial catastrophe or social stigma. Most West Germans can look forward to comfortable old age immune from the threat of inflation.

As the recession took hold, politicians would point to the absence of social unrest as proof of the value of Germany's social safety net.

But recently the Minister for Labour and Social Affairs put anxiety about the future of Germany's social security system at the top of a list of worries besetting the nation's population.

The old age pension system and the health service are in a state of financial crisis. There are limits to affluence, even in West Germany.

Government attempts to tackle the crisis have brought protests by both "consumers" and "producers" in the past few months.

Before taking office for the second time last December, Chancellor Schmidt's Government was forced to abandon plans to scrap a 10 per cent pension in-

crease due at the beginning of next month.

No sooner had the spectacle of pensioners protesting in the streets been forgotten, than the doctors, Germany's highest income group, struck in parts of North Germany against Government plans to halt a cost explosion in the health service.

Recession and demographic change have combined to undermine the financial base of the pension system. During the general election campaign last year the difficulties were sketched over. It later emerged that Germany's pension funds were threatened with a deficit of about DM80,000m by the end of this decade.

German pensions are generous, but expensive. Contributions are set at 18 per cent of an employee's gross earnings, the burden being shared equally with the employer.

In return, the pensioner has a very respectable income. For example, the average pension for a retired male manual worker in 1975 amounted to DM832 a month (or just under £200 at present exchange rates).

Pensions also rise, to give the retiree a share in the growth of the nation's wealth. Next month's increase of 10 per cent is based on the average of wage increases from 1973 to 1975.

This delayed action effect was built into the system deliberately to break purchasing power in times of recession. In recent years it has created problems as the

high-wage increases of the early 1970s have been translated into above average pension increases.

Greater burdens have been added by politicians, who resisted their pensioners' health service charges in full.

Over the years the pension funds have had to take over paying pensioners' health service charges in full. In 1972, on the strength of forecasts of a DM197,000m pension fund surplus by 1985, a law was passed enabling people to retire on full pension from the age of 63 and the annual increase was brought forward by six months.

But even in that year, at the height of the 1970s boom, the crisis was building up. Between 1958 and 1972 the number of pensioners grew by 60 per cent while the number of contributors to the pension funds increased by only 16 per cent. By 1975 there were 52 pensioners for every 100 contributors compared with only 38 in 1964.

On top of this demographic change came the recession. The income of the pension funds fell as unemployment rose and large numbers of contributors returned home. The cost explosion in the health service added to the funds' burden.

The Government hopes to consolidate the pension system by deferring the increase due in 1978 until the end of that year, by temporarily using the average net increase in earnings as the yardstick for future pension

raises; by shifting the burden of insurance contributions for the unemployed on to the Federal Labour Office; and by reducing the pension fund payments to the health insurance bodies.

The programme could still be changed in Parliament. It is also based on the questionable assumption that employment will fall to less than 3 per cent by 1980.

But straightening out the pension funds looks easier than curbing the cost explosion in the health service.

More than 1,500 Krankenkassen in Germany collect between 12 and 14 per cent of the employee's gross income to pay for the health service. Like the pension funds the contributions are split equally between employee and employer. But while pension fund contributions have been fairly stable, the contributions to the Krankenkassen, which are mutual insurance companies run on a non-profit-making basis, have almost doubled since 1960.

This rise in burdens has reflected a surge in health service costs. Last year Germany's overall health bill amounted to 14 per cent of national income—well over DM100,000m. Since 1960 payments by the Krankenkassen on doctors' bills, drugs and hospital expenses have risen to DM68,000m a year from DM49,000m.

The "producers" in the health service, primarily the doctors, drug companies and hospital administrators, may not form a unified block, but they are far more powerful

than the "consumers" patients and the 1,500 Krankenkassen—who have an interest in controlling costs.

It is probably no coincidence that in Germany many dentists are highest-paid professionals (average 1976 DM220,000 before tax), drug prices are higher in other European countries than in Germany, and because of an oversupply of hospital beds the average patient's stay (at night) greatly exceeds an average stay in a luxury hotel in the United States.

The Government's aim is to cut the costs of health care rather than the incomes of those who provide it. Through measures such as curbing the rise in doctors' fees, breaking down costly segregation of patient and outpatient, and trying to persuade doctors to prescribe less of the most expensive drugs, the Government has had some success in combating inflation. Curbing inflated claims imposed on the social services is much more difficult.

Imaginative act of patronage favours the potter

by Geoffrey Weston

The town of Frechen, just outside Cologne, is known above all as the centre of the German ceramics industry in which the Cremer Group is dominant. The group employs about 4,500 people turning out all manner of products from ceramic bathroom equipment and tiles to electrical insulators and drainpipes, with a turnover of DM400m.

All this in itself would be unremarkable but for the private interests of the chairman, Dr Gottfried Cremer, and his fascination for all things made from clay, the basic raw material of his industry. In 1950 he began to collect the best work by German ceramic artists, or potters.

In Britain the most outstanding artist potter, in spite of the high standard of their work, receives little recognition, and their work is low-priced compared with sculpture or graphic work. In Germany competition among collectors of contemporary ceramics is extremely keen and prices reflect this difference.

By 1971 Dr Cremer had decided to share his collection with the public with the aim of promoting the work of ceramic artists and, in a wider sense, the cross-fertilization of ideas. To celebrate his sixty-fifth birthday his company opened a museum, called Keramon, beside one of the works of art to house the Cremer collection.

The initial plan, simply to provide exhibition space, grew more ambitious after talks with the Cologne architect Herr Peter Neufert, who conceived a detached building of striking design shaped symbolically like a potter's wheel surmounted by a cone.

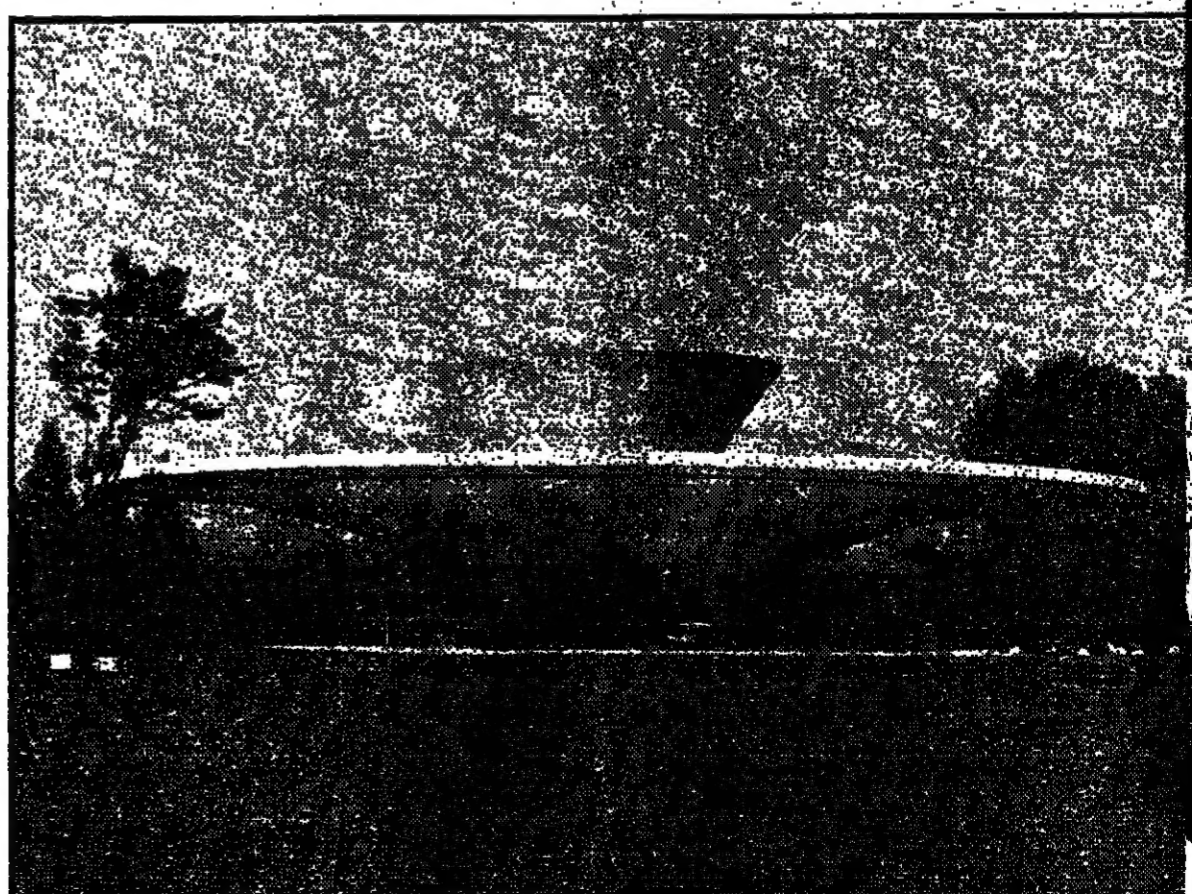
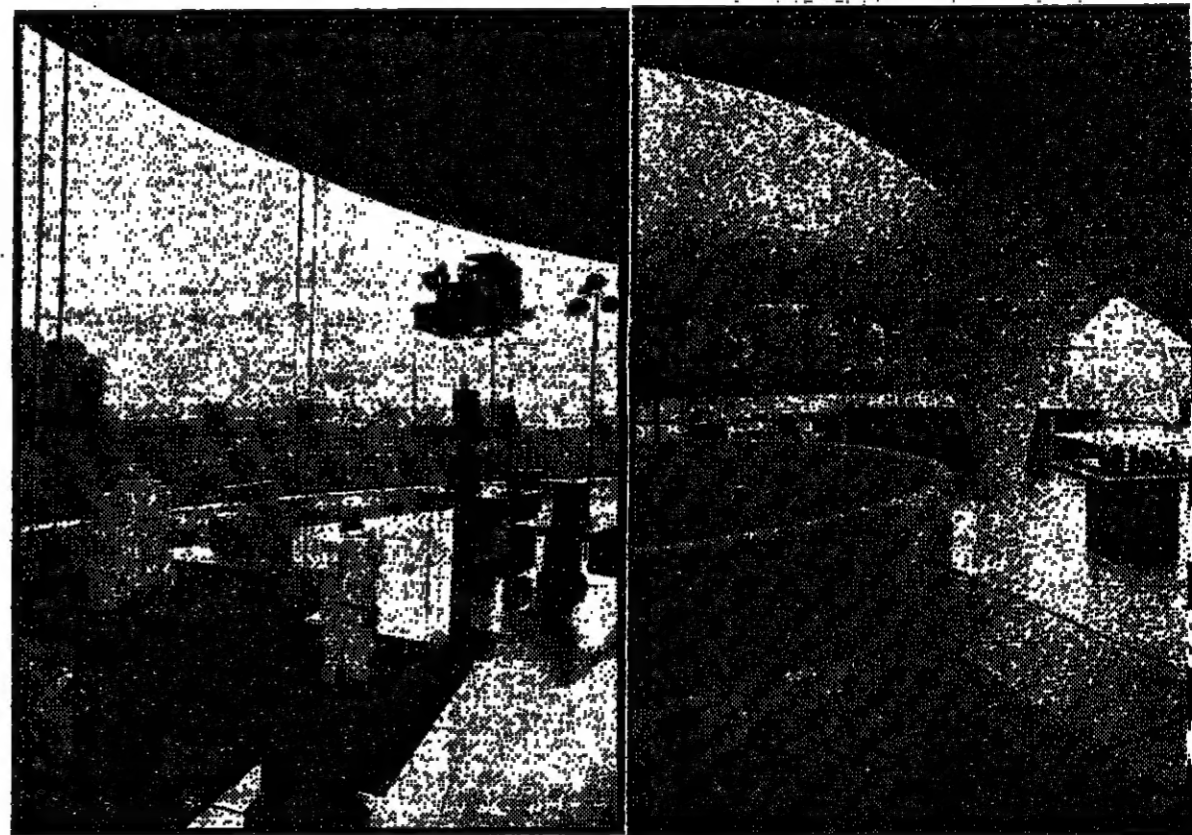
Built largely from reinforced concrete on two floors, one below ground, it has a thin flat roof supported on five legs which taper sharply in graceful curves. The rooftop pot encompasses a skylight, which is echoed in the circular hole in the floor admitting daylight to the basement.

The ground floor is almost entirely surrounded by a curtain glass wall and outside that a moat. White plastic spheres, which appear to float on the surface of the water, contain lights controlled by dimmer switches and the effect at night is dramatic.

The close relationship between the interior and exterior, and between the building and its contents is soon obvious, and the view from within of stockpiles of drainpipes outside the factory underlines the relationship of artist and industry.

The floors are covered in large white ceramic tiles, each two metres by 1.5 metres, made by a secret process. The same tiles in a rich red-brown are used to cover a decorative outer wall built at a tangent from one side of the building.

Apart from a few mobiles and wall plaques, the exhibits are housed in simple cabinets or kept on table tops supported on drainpipes. Only half of the 3,000 pieces are on show at any one time, and the quality of the work is high, although



Keramon, a museum in Frechen devoted to the work of ceramic artists; top: two views of the interior

buying on this scale inevitably leads to some errors of judgment.

In his enthusiasm Dr Cremer is said sometimes to offer to buy the whole of a favourite potter's kiln before he has had a chance to see the results of the firing.

Research and development for new uses and new types of ceramics for industrial use are mirrored by the artist's experiments with temperatures, clays and glazes. His unending search for the perfect form and his attempts to use the clay to the limit of its possibilities.

The Cremer collection is constantly being added to, and twice a year a special exhibition of work for sale is held. Artists are invited to contribute their work and no commission is charged on sales. The museum itself is not intended to make a profit.

Catalogues are sold at or below cost price, as well as other publications produced by the museum, such as a directory and atlas of ceramic artists in West and East Germany, Switzerland and Austria.

By a stroke of fortune the acoustics in the building are extremely good for music, and concerts organized by the municipality are held there in the winter.

Cultural conferences and meetings also take place and has developed slowly it was at one of these in 1975 that Keramon's most ambitious project was formulated—an exhibition of European ceramics, representing the work of more than 70 artists from 19 countries, including nine from Britain.

The costs of shipping and insurance were borne by the organizers. Visitors normally aged about 10,000 a year, although 12,000 attended the European exhibition during its three-month run.

In its new role as a centre for European ceramic artists, Keramon is almost certainly unique. Far from being a lifelong dream, it came into being almost by chance.

It is inevitably a relations exercise for Cremer Group, but an attempt is made to preserve the name or claims of the artists, as well as the public's.

It is as good an example of industrial patronage of the arts as can be found anywhere.

Frechen cannot compare with its large neighbour Cologne, for cultural life is not its main business. Keramon is a unique cultural monument. Not surprisingly, made Dr Cremer an honorary citizen.

Lorries nose to tail despite motorway network

el Bailey

Ruhr, is that Germany, with a fifth more population than Britain produces twice as much in a year. That is why the car population, already nearly 18 million, is still rising fast.

Whatever the future may hold, Germans are continuing to buy more and more cars. Against this background, however, some serious transport problems exist, of which the greatest is that of the railways. In common with some other continental systems, German railways are still as it were, in the pre-Beeching stage, with common carrier obligations and tariff controls only recently abolished. Too much staff and equipment, and a deficit which last year reached the total of £2,500m on a turnover of £5,400m. This was too much even for an affluent country like Germany, and urgent moves are under way to try to bring the situation under control.

The railway problem has been gathering strength for some time despite a creditable growth in passenger traffic of about 4 per cent since 1960 and in freight of about 7 per cent since 1960. But the need for rationalization has become more and more evident over the past five years, and

government and public opinion were finally confronted with the scale of the problem with a shock report last year that more than half the system would have to go if the deficit was to be brought under control by 1985.

This is, unlikely to happen, but the possibility has had the effect during the past year of concentrating wonderfully the minds of the railway management and unions, the Government and the travelling public. A series of studies is being carried out in which three parties—railway management, railwaymen and Government—are examining in detail the changes that need to be made to bring about an efficient and still extensive, but more viable, railway system for the 1980s.

One thing has already become clear: that the necessary changes must be made through a reduction in manpower—still nearly 400,000—rather than in drastic reductions in the system as a whole. The studies the Government conceded that there would be no compulsory redundancy, but with the help of natural wastage and little recruitment it is hoped that both manpower and deficit can be reduced by about 20 per cent within five years.

Essential investment in the railways is going ahead—including the new high-speed lines between Hannover-Würzburg and Mannheim-Stuttgart—but there is to be a substantial slimming of depots for parcels and small freight, and a rationalization of workshop and maintenance facilities. Freight and passenger charges are governed now by what the market will bear, and for passengers those that is, who pay the full fare out of their own pockets—rail travel is becoming rather expensive.

With 430,000km of road already, including 40,000 trunk federal routes, road-building still continues, though at a slower rate, in the light of the huge budget deficit and, perhaps, the beginnings of doubt arising from the long-term energy prospect.

The hope is that if car population reaches the predicted level of 23 million by 1985 it will still be possible to move about Germany easily and speedily—there is no speed limit on the motorways—no more any rate between towns and cities. But in urban areas there is a growing concentration on improving public transport, a sector in which many German cities—Hamburg, Stuttgart, Frankfurt, Munich, Cologne—are

already advanced in imaginative policies of integration and interchange.

Another sector in which Germany has moved ahead is in the experimental development of magnetic suspension for high-speed surface transport. The effective operation of the technique has been amply demonstrated, but its commercial application in the light of future energy costs is still problematical.

Important moves are taking place in water transport, particularly in relation to the communist block. The Main Danube canal linking the Black Sea to the North Sea is scheduled for completion soon, with important implications for East-West Europe traffic in bulk goods. In deep-sea shipping, Germany is deeply concerned over initiatives by Russia and other eastern block shipping to move into Western trades by means of cut rates and expansionist policies.

Whichever form of transport one looks at, road or rail, land, sea, or air, it is evident that West Germany is destined to play more than ever a key role in the future: geographically, economically and politically.

The author is Transport Correspondent, The Times.

Weak pound makes shopping costly for British

Eadie

Increase of 7.3 per cent over 1975.

The greatest number of overnight stays (670,000) were in the North Rhine-Westphalia, Rhineland-Palatinate and Hesse regions. This area is popular because it takes less time and costs less money to get there. The traveller arrives within a day and finds that both trains and steamers connect with the Rhine and Moselle valleys and that the payment of a small supplement secures tickets which are interchangeable. The Bachmann plan wine festival run from the beginning of August until mid-October. Gaudy giant floats and the electing of "wine queens" add to the festivity.

There are seminars at the German wine academy and weekly courses in Trier, the Rhineland, the Kaiserstuhl, Bremen, Schleswig-Holstein and the Markgräflerland. The popularity of Berlin is stimulated by the availability of reasonably priced charter flights.

The professional approach of the Germans to the conference business brought the country a further 70,000 visitors who stayed overnight.

Britain ranks third in the number of overnight stays in Germany, preceded by The Netherlands and the United States; and, of the 1,300,000 visitors from the United Kingdom, it is estimated that about 500,000 were tourists taking accommodation and another 300,000 were campers.

The low value of the pound has made shopping in Germany uneconomical to the British. In many cases one can be based at weekends from well frequented motorways during the holiday season from July 25 to August 21.

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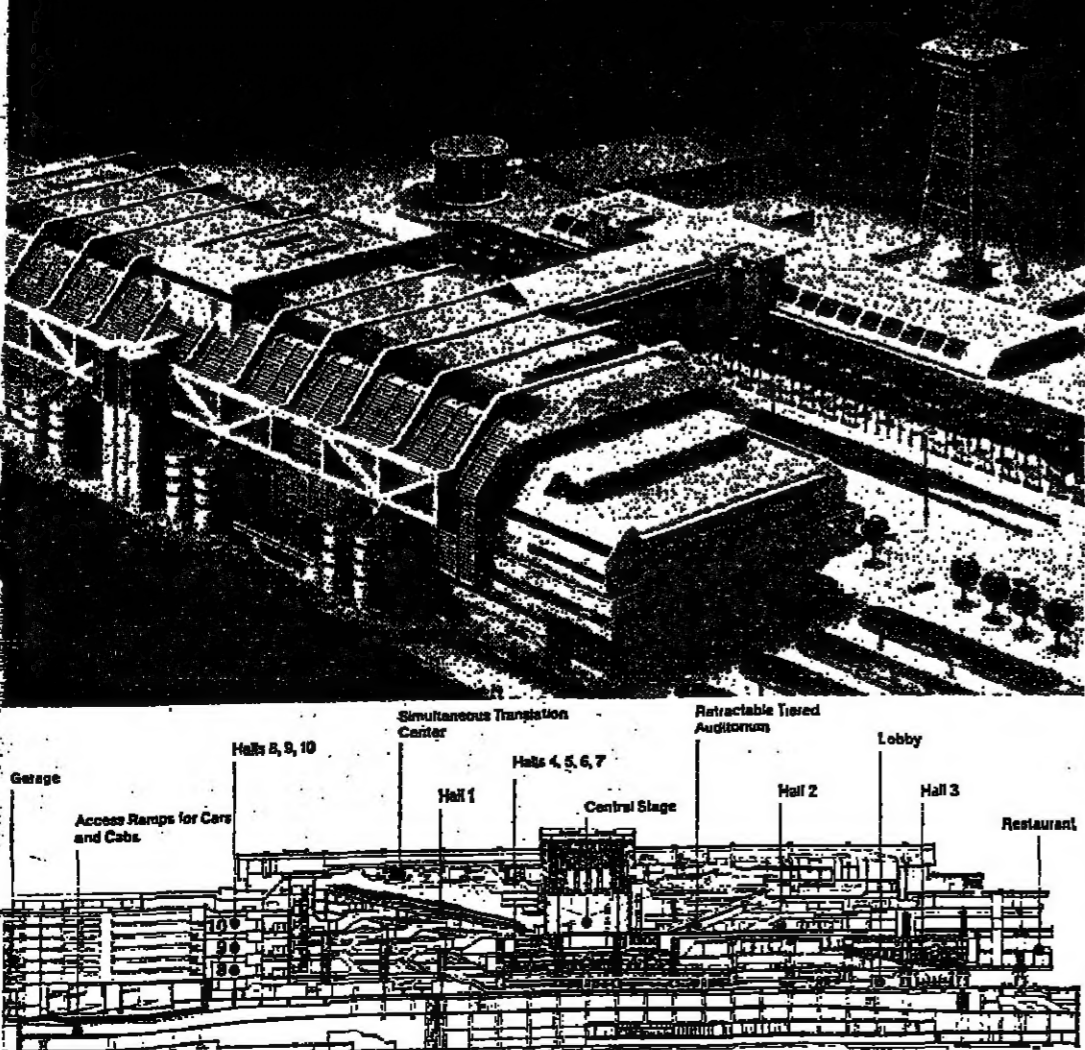
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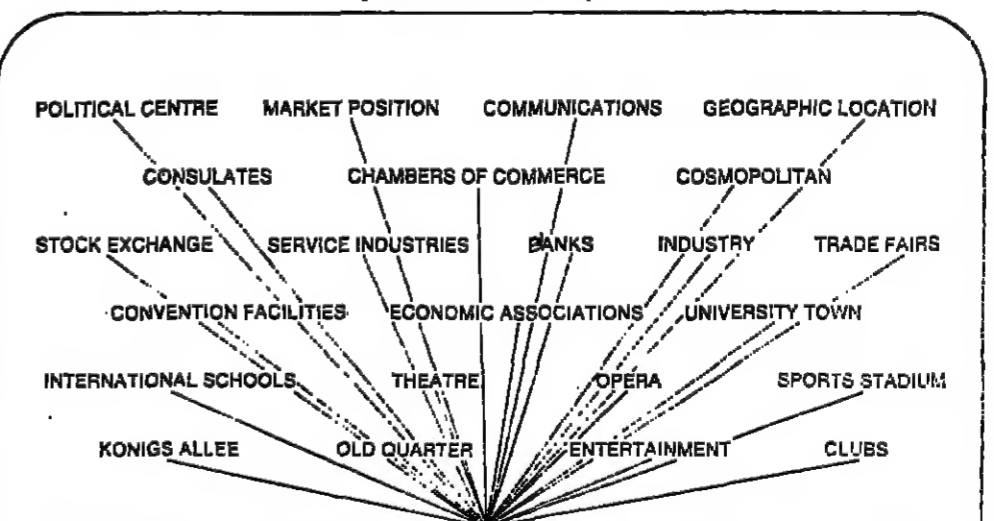
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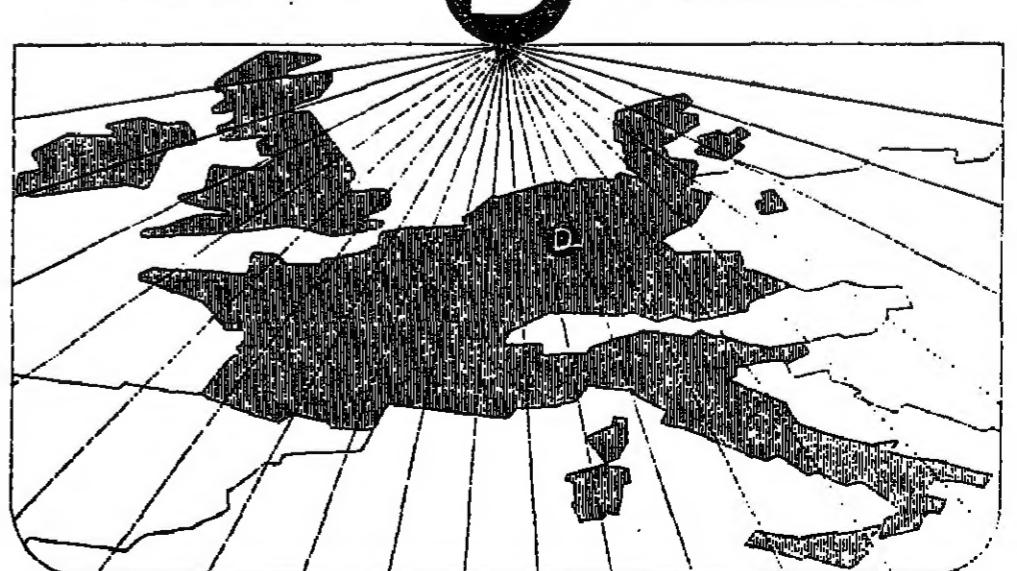
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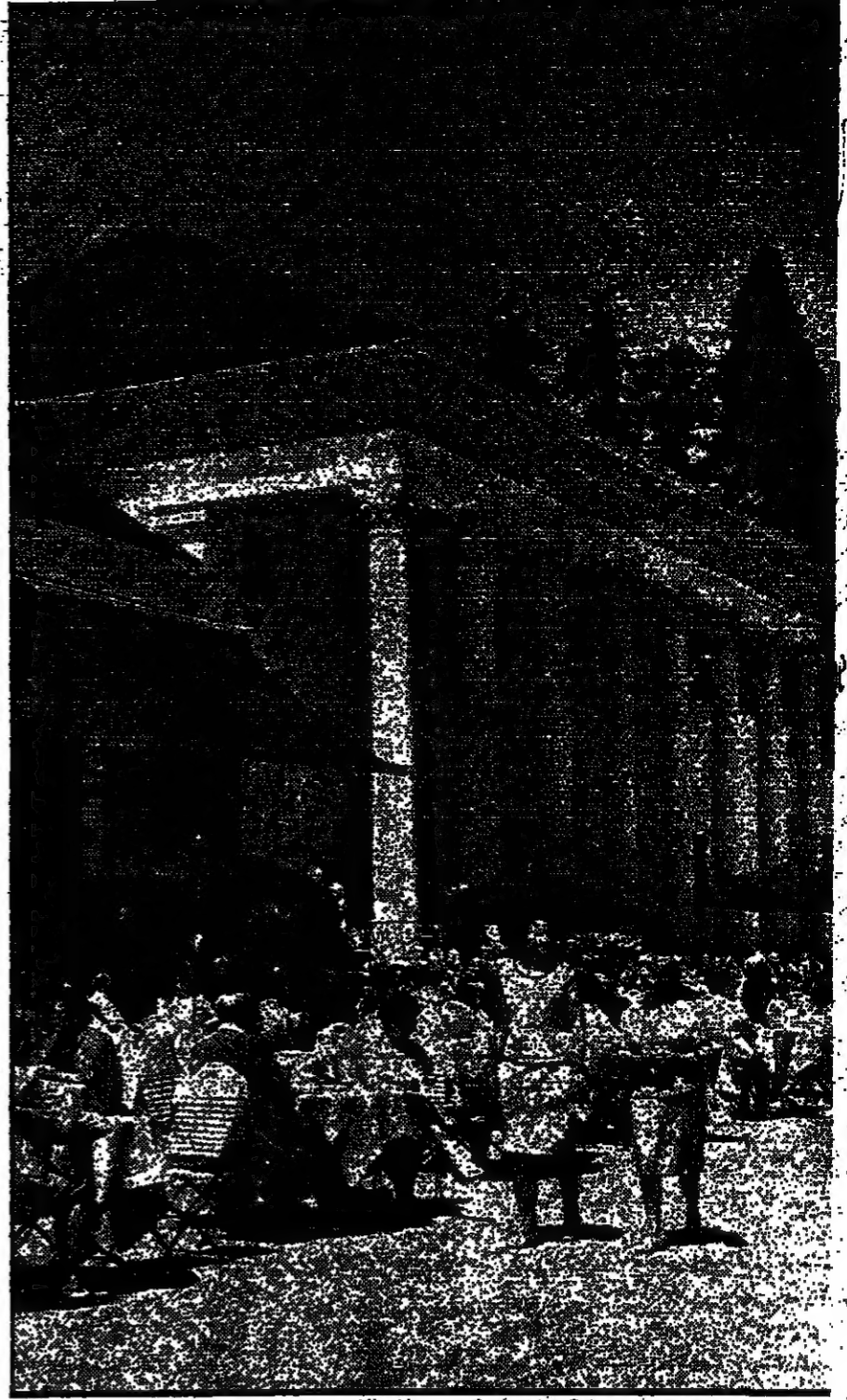
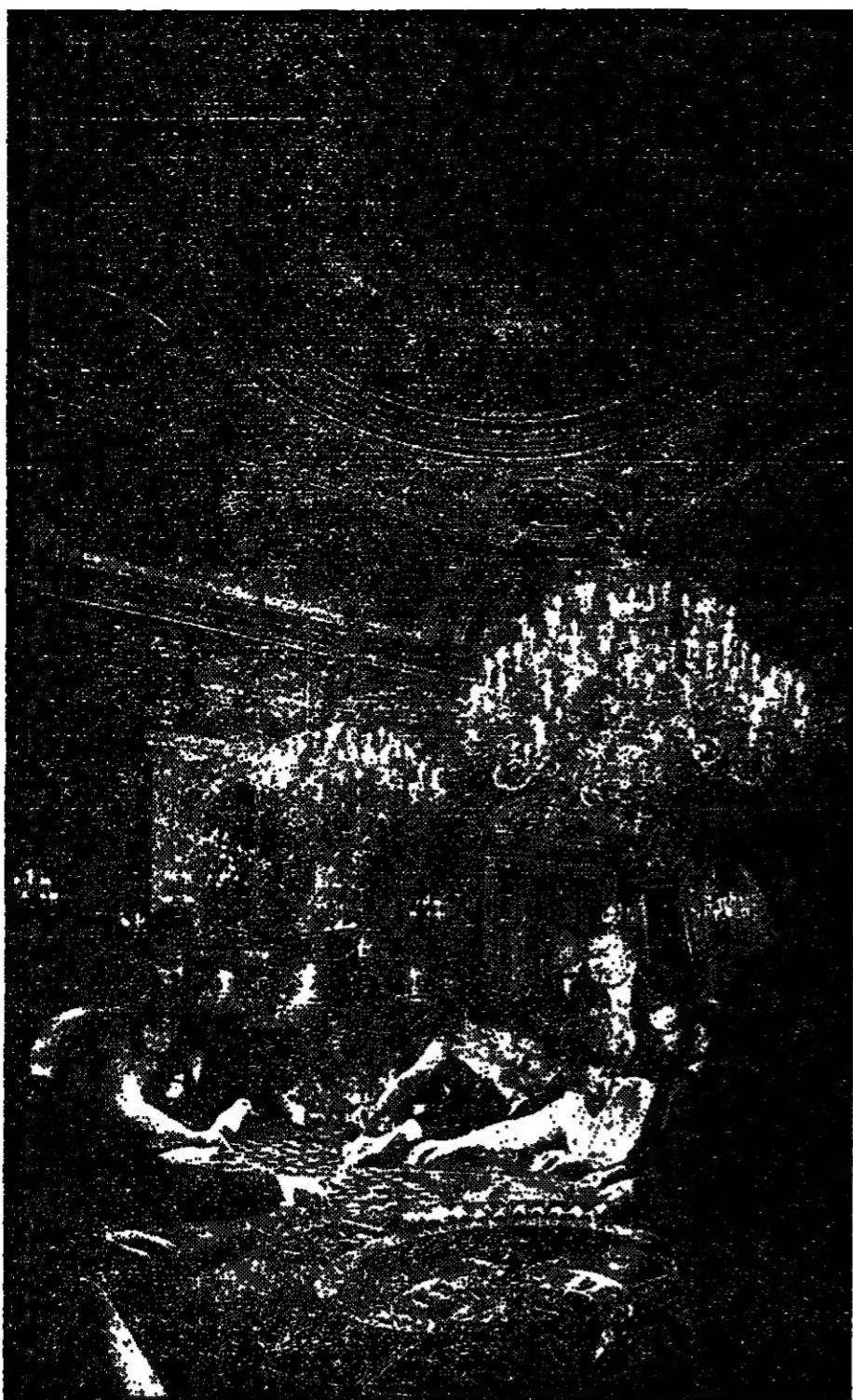
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Historic spa bubbles along merrily on wave of nostalgia

by Geoffrey Weston

"BAD" stood out on the taxi number plate, as I walked out of the station, and on nearly all the cars as I was driven up the narrow river valley into the centre of town. The fantasy that Baden-Baden had reversed its traditional image of respectability quickly passed. The famous spa is exactly as I pictured it, prospering on an old economic formula more common to the middle years of the nineteenth century than the last quarter of the twentieth.

The essence of the town lies in less than half a mile along the river Oos, which flows tidily down a series of artificial steps between impeccably tended banks. On one side are the gardens and terraces of imposing old houses, on the other the tree-lined Lichtensteinallee. The classical façades of the Kurhaus and the pump room, against a steep backdrop of trees and standing back behind formal gardens and romantic gas lamps, form a glorious spectacle. At one end of a short pedestrian way lined with magnolias and expensive boutiques runs down to the little river.

On the opposite bank narrow streets lead to the nineteenth-century Baroque splendours of the Friedrichsbad and the modern luxury of the Augustabad, the twin centres for thermal treatment, overlooked by a suitably romantic Schloss.

Baden-Baden lives overwhelmingly off its visitors, 800,000 of them last year. Almost half of them come to imbibe the spa water, bob up and down in its bubble its steam or wallow in more complicated treatments from mud baths to underwater massage. Most of the rest were tourists or conference delegates. A two-hour wander round the hot and cold rooms and a dip under the rotunda of the Friedrichsbad before stopping on a bed in the rest room costs only DM18, but in spite of the difficulty of making the thermal ends meet, medical treatment can be expensive.

The source of the spa water is a remarkably small area around the market place, and trial borings in many surrounding areas have proved abortive. The spring, discovered by the Romans, eased the rheumatism of the Emperor Caracalla, but it was not until the early nineteenth century that Baden-Baden's prosperity really soared and the local population switched from breeding pigs to making money seriously.

Apart from the vogue for picnics under the trees of the Oos and trips into the surrounding Black Forest, the main lure was gambling.

By 1830 only one in five people came for the cure. The rest came to amuse themselves with concerts, balls, lavish parties, riding and to lose their money.

Jacques Denzler came from Paris to lease the casino, and it was primarily his vision and that of his son, Edouard, that turned Baden-Baden into the summer capital of Europe until 1870, when the Prussians closed the casino. The crash of the aristocracy crowded the town every summer and even Bismarck, arriving at short notice, had to spend several nights sleeping in a cellar when no other accommodation could be found. The theatre, directed by Heinrich Heine, his last opera, and the Hirschheim racetrack, laid out on flatter ground nearer the Rhine Valley, date from these golden years.

The two world wars made little impact, but the economic crisis of the early 1930s brought the town close to ruin. With the hotel business on the edge of bankruptcy, permission was given to reopen the casino. In the post-war years it was still clear that here lay the town's prosperity, and the only industry—a mixture of crafts, publishing, printing, pharmaceuticals, cosmetics and textiles—kept safely out of the narrow confines of the valley.

The casino is reputed to be the wealthiest in the world and could well be the most lavish. To its riot of gold leaf, rich colours and lavish carping in the style of Louis XIII, XIV and XV have more recently been added a modern bar and gaming room with bronze mosaic walls and a copper ceiling. On special days solid gold and silver jetties are used.

Eighty per cent of its DM34m income is paid in tax to the Land government, but a large proportion is returned to the town. Although it carries the nineteenth-century air, its most romantic with the patina of a further hundred years, it has evolved to please a very different clientele. In place of the frivolous young courtesans and the kings and princes, most casino visitors are now, well-paid businessmen, 40 to 50 years old, while the average spa guest is over 60. The present population echoes this trend and makes no discernible impression on local character. One of the biggest houses is owned by a steel magnate and, Turgenyev's old villa is occupied by the owner of a supermarket chain.

If the town's leaders do not have the panache of the Élysées, they realise that Baden-Baden needs to change gently and that, provided the roulette wheels turn, then the plush hotels will maintain their antiques image and the gardens of the Kurhaus their charm. Key figures in this process are the Lord Mayor, Dr Walter Carls, a solid bureaucrat, focused on his past

and the quietly elegant director of the casino, Dr Hartmann von Richthofen, recruited from industry to run the thermal activity. In the last decade Baden-Baden has undoubtedly changed too slowly. Although the valley roads are steep for juggernauts, a heart of the town has for long been choked in summer by too many cars on a short cut from the Rhine to the Black Forest High. The increased traffic through the town has produced counterproductive in long run.

Spa guests in particular are put off by the fumes, the hazards of crossing it. The authorities have been slow to belatedly to the fact the existing roads were for an era when fleet hackney carriages waited to whisk their clientele from the Augustabad to the Kurhaus, Hotel and the casino.

Now guests must be persuaded to walk there instead, although there are some special buses. The authorities have been slow to reveal the Roman mains beneath, while first pedestrian precincts, solving elegantly the centre during the season. A plan to divert the road and sink an autobahn bed was dropped of public outcry. But four car parks are being built with the aim of clearing traffic from the town roads must be built on steep hillsides.

More nebulous is the plan of rejuvenating the town's image. Elegant breeding are words the up in Baden-Baden. The pervasive is the air of chicly which, the old seem to find it everywhere from the sophisticated atmosphere of gaming rooms, where senior croupiers appear on their high to the costly staid in the shops. There is a whiff of brashness or candour note of pop. A new swinging in the copywriters. The resort is to be place to improve health, coupled with activities like tennis, and walking, rather paradise for hypochondriacs. Twenty-four new hotels planned and even if the old days, the visitor cannot be expected for several months a retinue of 100 servants might be persuaded longer than the previous four to five. With luck he will be ingly youthful too. Even if developed remain painfully slow-fold, there seems little doubt that Baden should deviate its proved policy of reluctantly towards the 1980s with its eye the main lure was gambling.